

# SB2089

Measure Title: RELATING TO TRANSIENT ACCOMMODATIONS.

Report Title: Transient Accommodations; Property Manager

Description: Requires any nonresident owner who operates a transient accommodation located in the nonresident owner's private residence, including an apartment, unit, or townhouse, to employ a property manager approved by the real estate commission.

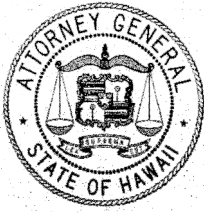
Companion:

Package: None

Current Referral: TSM, CPN

Introducer(s): GREEN

<b><u>Sort by Date</u></b>		<b>Status Text</b>
1/19/2012	S	Introduced.
1/19/2012	S	Passed First Reading.
1/20/2012	S	Referred to TSM, CPN.
1/30/2012	S	The committee(s) on TSM has scheduled a public hearing on 02-02-12 1:15PM in conference room 224.
2/2/2012	S	The committee(s) on TSM recommend(s) that the measure be PASSED, UNAMENDED. The votes in TSM were as follows: 5 Aye(s): Senator(s) Kim, Kouchi, Galuteria, Kahele; Aye(s) with reservations: Senator(s) Slom ; 0 No(es): none; and 0 Excused: none.
2/7/2012	S	Reported from TSM (Stand. Com. Rep. No. 2043) with recommendation of passage on Second Reading and referral to CPN.
2/7/2012	S	Report adopted; Passed Second Reading and referred to CPN.
2/21/2012	S	The committee(s) on CPN will hold a public decision making on 02-28-12 10:00AM in conference room 229.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-SIXTH LEGISLATURE, 2012**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 2089, RELATING TO TRANSIENT ACCOMMODATIONS.

**BEFORE THE:**

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

**DATE:** Wednesday, February 29, 2012                      **TIME:** 10:30 a.m.

**LOCATION:** State Capitol, Room 229

**TESTIFIER(S):** David M. Louie, Attorney General, or  
Shari Wong, Deputy Attorney General, or  
Mary Bahng Yokota, Deputy Attorney General

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Chair Baker and Members of the Committee:

The Department of the Attorney General offers the following comments on this bill.

This bill requires a nonresident owner who operates a transient accommodation in the nonresident owner's private residence to employ a property manager. The bill would also require the property manager to furnish the rental agreement for the transient accommodation to the Department of Taxation. As currently drafted, the principal purpose of this bill appears to be targeted at ensuring that nonresident owners are paying transient accommodation and general excise taxes, rather than ensuring compliance with county zoning requirements.

The bill as currently drafted does not create any penalty or consequence for non-compliance and, therefore, the bill may not fully effectuate the legislative intent.

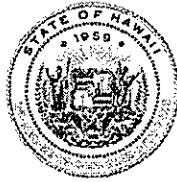
In addition, because the property manager requirement is imposed only on "nonresident owners" the bill may invite a legal challenge under the Commerce Clause, the Equal Protection Clause, and/or the Privileges and Immunities Clause of the United States Constitution. Each of these clauses generally prohibit discrimination against nonresidents or discrimination in favor of "in state" residents. It is not clear what the outcome of such a challenge would be, because the bill does not impose different rates of tax on nonresident owners, or deprive them of any tax credit or exemption, but it does impose burdens that are not imposed on resident owners.

If adopted into law, this bill would be more likely to survive a legal challenge if the Legislature could include in a "purpose" section of the bill a rational basis for why imposing a differing burden on nonresident owners than resident owners serves an important public purpose.

If there are empirical evidence or studies that demonstrate that nonresident owners of transient accommodation are not paying transient accommodation and general excise taxes, or are non-compliant with county zoning requirements, the bill would be more likely to survive a legal challenge.

Likewise, if like House Bill No. 1707, H.D. 2, this bill were amended to define “nonresident owner” as an owner of a rental property in the State who resides on a different island from the property or out-of-state and who rents or leases the property to a tenant, the bill would stand a better chance of surviving a legal challenge because the property manager requirement would apply to state and non-state residents alike.

We respectfully recommend that the Committee make the suggested amendments.



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
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[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

KEALI'I S. LOPEZ  
DIRECTOR

PRESENTATION OF  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION

TWENTY-SIXTH STATE LEGISLATURE  
REGULAR SESSION, 2012

THURSDAY, FEBRUARY 28, 2012  
10:00 A.M.

**WRITTEN TESTIMONY ONLY**  
SENATE BILL NO. 2089  
RELATING TO TRANSIENT ACCOMMODATIONS

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND TO THE HONORABLE BRIAN T. TANIGUCHI, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEE:

The Regulated Industries Complaints Office ("RICO") of the Department of Commerce and Consumer Affairs appreciates the opportunity to submit written testimony on Senate Bill No. 2089, Relating To Transient Accommodations. My name is Daria Loy-Goto, RICO's Acting Complaints and Enforcement Officer.

Senate Bill No. 2089 requires a nonresident owner who operates a transient accommodation in the owner's residence to employ a property manager approved by the Real Estate Commission ("Commission"). The bill also subjects a property

manager authorized to collect rent for the nonresident owner to comply with certain State laws. The bill also defines "property manager" as a person approved by the Commission to operate a transient accommodation on behalf of a nonresident owner.

RICO offers the following comments on the bill:

1) While RICO supports efforts to ensure that general excise taxes and transient accommodations taxes are timely paid and collected, RICO notes that the requirement that nonresident owners employ a property manager may be difficult to implement. Although many owners of transient accommodations operate in compliance with applicable county laws, it is no secret that there are a sizeable number of owners that do not. If owners of illegal vacation rentals must hire licensed property managers approved by the Commission, those licensees run the risk of committing a licensing violation. This is because licensees cannot engage in conduct that violates applicable laws, such as zoning laws.

2) If the bill is designed to facilitate the collection of taxes, the practical effect of authorizing a licensed property manager to collect rent may be that it will be more difficult for these owners to pay taxes because licensed property managers may be reluctant to engage in conduct that violates licensing laws.

3) RICO suggests that the term "nonresident" be defined.

Thank you for this opportunity to testify on Senate Bill No. 2089. I will be happy to answer any questions that the members of the Committee may have.

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  
FAX NO: (808) 587-1560

FREDERICK D. PABLO  
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR  
DEPUTY DIRECTOR

To: The Honorable Rosalyn Baker, Chair,  
and Members of the Senate Committee on Commerce and Consumer Protection

Date: Tuesday, February 28, 2012  
Time: 10:00 a.m.  
Place: Conference Room 229, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

Re: S.B. No. 2089, Relating to Transient Accommodations

The Department of Taxation (Department) supports the intent of S.B. 2089 and provides the following comments for the Committee's consideration.

S.B. 2089 requires nonresident owners who operate a transient accommodation located in a private residence, including an apartment, unit or townhouse, shall employ a property manager. The property manager must be approved by the real estate commission to operate a transient accommodation.

The Department defers to the Committee as to whether only individuals approved by the real estate commission should serve as third-party property management agents for nonresident property owners where the owners are providing transient accommodations subject to the transient accommodations tax (TAT). The Department also notes that the measure, as written, does not address enforcement of the requirement to hire a third-party property manager.

This measure, however, will assist the Department in its effort to increase compliance and collection of the TAT. Currently, even if nonresident property owners are aware that the TAT may apply to their activities, it is difficult for the Department to enforce the law if both owner and renter are located outside Hawaii, and money transfers via the internet (ie, Paypal) or other methods outside the physical boundaries of the State.

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.honoluluiddpp.org](http://www.honoluluiddpp.org) • CITY WEB SITE: [www.honolulu.gov](http://www.honolulu.gov)

PETER B. CARLISLE  
MAYOR



DAVID K. TANQUE  
DIRECTOR

JIRO A. SUMADA  
DEPUTY DIRECTOR

February 28, 2012

The Honorable Rosalyn H. Baker, Chair  
and Members of the Committee on Commerce  
and Consumer Protection  
State Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Baker and Members:

Subject: Senate Bill No. 2089  
Relating to Transient Accommodations

The Department of Planning and Permitting (DPP) **supports** Senate Bill No. 2089, which requires a nonresident owner who operates a transient accommodation located in the nonresident owner's private residence, including an apartment, unit or townhouse, to employ a property manager approved by the Real Estate Commission.

The DPP is responsible for the administration of the Nonconforming Use Certificates (NUC), which are issued to qualified applicants to allow for the conduct of transient vacation rental operations. Without the NUC, the use is prohibited in all zoning districts, except hotel resort. However, enforcement efforts against illegal vacation rental operations have been difficult, partly because many property owners who are conducting vacation rental operations illegally, are nonresidents of Oahu. This makes it difficult for our inspectors to contact the homeowner. For this reason, the proposals in this bill will provide us two immediate benefits: 1) There would be a designated contact person, who should be more familiar with the City's Land Use Ordinance and the restrictions for conducting the vacation rental operations; and 2) The licensed real estate brokers will be subject to the regulatory provisions enforced by the Real Estate Commission and the State Department of Commerce and Consumer Affairs, Regulated Industry Complaints Office. This bill will serve as a catalyst for enhanced enforcement efforts between State and City agencies.

The Honorable Rosalyn H. Baker, Chair  
and Members of the Committee on Commerce  
and Consumer Protection

State Senate

Re: Senate Bill No. 2089

February 28, 2012

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Please adopt Senate Bill No. 2089. Thank you for this opportunity to testify.

Very truly yours,

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

David K. Tanoue, Director  
Department of Planning and Permitting

DKT:jmf

sb2089-TransientAccomm-2-28-mf.doc



**PRESENTATION OF THE  
REAL ESTATE COMMISSION**

TO THE SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2012

Tuesday, February 28, 2012  
10:00 a.m.

**TESTIMONY ON SENATE BILL NO. 2089, RELATING TO TRANSIENT  
ACCOMMODATIONS.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is Carol Ball and I am the Chairperson of the Hawaii Real Estate Commission ("Commission"). The Commission appreciates the opportunity to present comments on Senate Bill No. 2089, Relating to Transient Accommodations.

Senate Bill No. 2089 requires any nonresident owner who operates a transient accommodation located in the nonresident owner's private residence, including an apartment, unit, or townhouse, to employ a property manager approved by the real estate commission.

As it appears that the proposed amendments may create unintended consequences, the Commission provides the following comments:

- creates an unnecessary but new specialized license of property managers within the real estate licensing statute of Chapter 467, Hawaii Revised Statutes ("HRS");
- changes the legislative policy, and raises a potential constitutional law argument, set forth in the exceptions to the real estate licensing statute

that an individual, i.e., a natural person and not an entity, who, as an owner of any real estate, may handle the management and sale of their own real estate without a real estate license or without retaining a real estate licensee (§467-2 (1), HRS); and

- creates ambiguity with a current regulated area of condominium hotel operators ("CHO") as set forth in §467-30, HRS.

If this measure continues to move forward, we suggest, at least, the following amendments by deleting:

- any reference to property manager and replacing it with "a real estate broker or salesperson licensed under chapter 467.";
- subsection (b) defining a property manager; and
- any reference to "unit."

Thank you for the opportunity to provide comments on Senate Bill No. 2089.



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

February 28, 2012

To: Honorable Rosalyn H. Baker, Chair  
Honorable Brian T. Taniguchi, Vice Chair  
Senate Committee on Commerce and Consumer Protection

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

RE: SB2089 – Relating to Transient Accommodations - Oppose

Aloha Chair Baker, Vice Chair Taniguchi 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.

Among our concerns are:

1. 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.
2. 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.
3. 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.
4. It is likely that this bill, if passed, will fail constitutional muster.

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

**LATE**



February 27, 2012

Via Email Transmittal

To: Senate Chair Rosalyn Baker

From: Poipu Beach Resort Association (PBRA)

Re: S.B. No. 2089 Relating to Transient Accommodations

Dear Senate Chair Baker and Members of the Senate Committee on Commerce and Consumer Protection:

The Poipu Beach Resort Association (PBRA) is a member-based organization of nearly 100 businesses primarily located on the South Shore of Kauai. Our membership includes hotels, condominiums, management firms, activity operators, shopping and dining establishments, services and other related firms and individuals, ranging from small, owner-operated businesses to some of the largest employers on the island. We are a 501(c)6 organization whose primary mission is to market the Poipu area as a world-class destination and to provide for the future of Poipu as a great place to live, work, visit and do business.

We are contacting you today in support of S.B. No. 2089, which require non-resident vacation rental owners to contract a licensed Real Estate Broker or Salesperson in the State of Hawaii to manage their properties.

The PBRA acknowledges the importance of this measure to the wellbeing and overall vacation experience of our island guests. We believe it is imperative that there is someone on island to assist visitors with their rental of accommodations. In addition, this Bill requires the non-resident vacation rental owner to participate in the collection of Transient Accommodation Taxes, an important component of Hawaii's visitor industry and economy.

Thank you for your time and consideration and for allowing us the opportunity to testify in support of S.B. No. 2089 relating to transient accommodations.

Sincerely,

Doug Sears  
President  
General Manager - Grand Hyatt Kauai

To: Senator Rosalyn Baker

From: Angie Larson

Hawaii Vacation Rental Owners Association

Subject: Oppose SB 2089

~~8~~ pages including cover

10

Mahalo,  
*Angie Larson*  
Angie

Oppose SB 2089

**Two reasons for deferring this bill.**

**It conflicts with an existing bill.** Rico on record Jan 30, 2012 testimony, "If owners of non-permitted Vacation rentals hire licensed real estate salesperson or brokers to assist them, those licensees run the risk of committing a licensing violation because they cannot engage in conduct that violates the law." See enclosed page from testimony, Jan 30, 212.

1. Go to [www.keepitkailua.com](http://www.keepitkailua.com) an anti -visitor group has on their link about realtors the following,"Rico has issued numerous administrative actions against realtors offering, advertising, and promoting illegal vacation rentals and B&B loges". The link **administrative actions**, actually has a list of realtors they have turned in. This is a small list compared to the many realtors they have complained about. The fines have been several thousand dollars.
2. The **only realtors that avoid violations** are the realtors/booking agents that have asked for this bill, since they are working with condos in resort areas. Their fees range from 40-50% per the condo owner. Although they deny such high commissions. Many condo owners have decided to handle their own bookings and hire a local person to be their property owners out of financial survival. All maintenance is taken care of through the property manager. Taxes are being paid.  
**Monopoly and price control** is the second reason.
3. Having both agents and individual owners rent allows for free enterprise.
4. There seems to be the question of taxes being paid and a great loss of revenue per the agents. They have testified to millions in loss because these owners do not hire them. They do not have the qualifications to throw numbers around.
5. The tax board in 2007 used consultants and went through advertisements. The present tax board says they cannot get the data?? It seems that would be the only true way to find out the loss as they did in 2007. See attached from tax testimony April 3, 2007. It also mentions that rental owners use more than one avenue to advertise. They went through over 8,000. It is wrong to state a number of rental owners going through the internet without qualified consultants doing the counting.
6. Attached is a letter from our attorney. This bill as it stands is unconstitutional!

Summary:

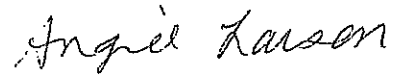
There have been 4 bills generated this session for these realtors/ agents. HB 1707, HB 1706, HB 2078 and SB 2089.They all point to financial gain for them.

Feb 23,2012 HB 1707 was deferred. It was clear to the committee this bill has a conflict and it pointed to a monopoly of business practice if this bill was passed..

Page 2 of 2

Hawaii Vacation Rental Owners Association

Thank you for taking the time to read the enclosed.

A handwritten signature in cursive script that reads "Angie Larson".

Angie Larson

Hawaii Vacation Rental Owners Association

808-230-8981

RICO

Testimony on House Bill No. 1707  
January 30, 2012  
Page 2

accommodation for 30 days or less to rent the property through a licensed real estate broker or salesperson.

While RICO generally supports strong enforcement efforts, it does not support this bill in its current form and offers the following comments:

1. If the purpose of the bill is to ensure that transient accommodation guests have a local property manager for contact purposes, RICO suggests that the bill require the licensee to provide local contact information and be available in person to assist the guest.

2. Although many owners of transient accommodations operate in compliance with applicable county laws, it is no secret that there are a sizeable number of owners that do not. If owners of illegal vacation rentals hire licensed real estate salespersons or brokers to assist them, those licensees run the risk of committing a licensing violation because they cannot engage in conduct that violates laws. This bill would create a quandary for both owners and licensees.

3. RICO is aware, anecdotally, that there are owners of illegal vacation rentals that pay taxes. If the bill is designed to facilitate the collection of taxes, the practical effect of requiring the participation of a licensed real estate salesperson or broker may be that it will be more difficult for these owners to pay taxes because licensed property managers may be reluctant to engage in conduct that violates licensing laws.



Tax Board  
2007

**THE NECESSITY OF THIS BILL IS QUESTIONABLE**—The Department believes that this legislation is unnecessary. One issue that arose in prior committees was the status of the Department's efforts with the HTA regarding the audits of transient accommodations providers, including bed and breakfasts.

The HTA employed a consultant to search the Internet for advertisements for bed and breakfast operators and vacation rentals in Hawaii. HTA provided the results of this search to the Department. HTA's consultant located 1,452 advertisements for bed and breakfast operators and 6,902 advertisements for vacation rentals. Many advertisements were redundant because many operators and renters advertise on more than one website.

After correlating HTA's information with the Department's files and other information that was available, the Department initiated 123 audits on bed and breakfast operators that the Department believed were not properly reporting Hawaii taxes. The Department also initiated 182 audits on vacation renters.

Of the 305 combined cases, the Department has closed 68 audits and assessed \$1,473,219 in delinquent taxes.

**THIS BILL CORRECTLY PLACES THE ONUS OF IDENTIFYING RENTALS ON THE COUNTIES**—The issue of "illegal" transient accommodations is primarily a county issue. The recent complaints received by neighborhoods where transient accommodations are of great concern relates to zoning violations—not tax violations. As stated above, the Department concluded that, for the most part, transient accommodations providers are tax compliant. Whether the structure is zoning compliant is another matter. Zoning laws are strictly a matter for the county. The Department supports that this legislation shifts the onus of identifying and investigating the location of the suspect rentals on the counties. The counties should not be using the tax system to police its zoning laws. Nonetheless, the Department is more than willing to assist in order to assure maximum revenue. Though, as stated above, the Committee must be cognizant that increased scrutiny on these rentals may drive otherwise tax compliant taxpayers underground.

**SPECIFIC MULTI-AGENCY TASKFORCE, RESOURCES**—Furthermore, if the Committee is considering the Department to dedicate resources to targeting the residential vacation rental and transient accommodations tax enforcement, the Department would need additional resources that can be used to focus on this one area of tax collections with the assistance of other entities. The Committee provided the Department with an appropriation. The Department had previously requested an appropriation in the amount of approximately \$980,000 in order to staff an investigative office, auditors, and other facilities needs in order to comply with this legislation. In addition, the bill now requires the Department to prepare additional reports to the Legislature and requests an appropriation to handle this request.

However, as discussed, the Department questions whether this legislation is necessary. The Department **does not believe** there is substantial non-compliance with tax obligations.

Based upon the foregoing, the Department opposes this bill and requests that it be held as burdensome and unnecessary.

*Keep IT Railua*

**Regulated Industries Complaint Office (RICO):**

Residents and home buyers can file a complaint regarding a Realtor with State of Hawaii's Department of Commerce and Consumers Affairs RICO office at (808) 587-3222 or mail complaints to 235 S. Beretania St., 9th Floor, Honolulu, Hawaii 96813.

RICO has issued numerous administrative actions against Realtors offering, advertising and promoting illegal vacation rentals and B&B lodges ([see RICO Administrative Actions](#)).

*From agents Website*

From: Exclusive Getaways Web Site.

Exclusive Getaways was developed to provide the means for you to easily and safely secure vacation rental homes and condos here in Hawaii. Created by long time property managers, who also own and operate Abbey Vacation Rentals on Hawaii's Big Island, we recognized the vacationer's need for a single website where the best vacation rental properties throughout Hawaii could be viewed, searched, compared, and reserved.

Exclusive Getaways is the largest collection of professionally managed Hawaii Vacation Rental homes on the web. All properties displayed on Exclusive Getaways are managed by the leading licensed property managers for each Hawaiian island with established reputations, and track records of providing great service to visitors like you. You are never alone. When you arrive at your Hawaii home, rest assured that an on-island professional is here to provide any support or assistance you may need during your stay should the need arise.

There are no "Rent by Owner" marketed properties permitted on Exclusive Getaways. You and your family's vacation is too important to rely upon an unlicensed private individual, who may not have the required on-island representation, and the means to help you in the event of any problem or question while you are here. Also with no history or reputation of service, and with no business insurance to protect you and your family's vacation should the need ever arise, we cannot endorse using these individuals.

Exclusive Getaways uses powerful features to optimize your property search. All aspects of Exclusive Getaways' website are "Real Time", which means the availability calendars for each property you view are accurate up to the minute. Use our Price Quote capability to receive live and complete quotations for any home's rental for your dates of interest. Once you have developed your "short list", you can use our Compare capability which permits you to view your choices side by side, and compare their individual features, locations, and prices.

Because our Price Quotes are live "Real Time" direct quotations, they are the lowest prices available for your properties of interest.

Once you have determined your units of interest, you may save the selected homes using our Favorites functionality, so you can quickly return to this listing upon your next visit, or to show your travel companions. Of course you can email property listings of interest to your friends and family throughout Exclusive Getaways, from our Search, Compare or Favorites areas.

Your privacy and safety is of utmost importance to us. Exclusive Getaways utilizes web security standards more stringent than those used by most banks, so you can rest assured that when you make an online reservation with us, your transaction is both private and secure.

From a geants Web Site

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Hawaii Vacation Rental Bill - HB 1707 - February 6, 2012



For years now I have been trying to figure out a way to stabilize the vacation rental industry in Hawaii. It has gotten so out of control with VRBOs (Vacation Rentals By Owners), etc that no one even knows what is legal anymore. The current laws are not very clear and are left for misinterpretation. I have posted blogs throughout the web and have found many Hawaii real estate professionals in agreeance with me.

Just recently a bill was brought forth to the Hawaii House. You can [click here](#) to view the bill. It will require all non-resident vacation home owners to use a licensed real estate broker or salesperson for their vacation rental. That broker or salesperson would be required to collect the taxes and pay it on behalf of the owner. If it is passed on Monday, February 6, 2012 it would be a huge step forward for the State of Hawaii to regulate the vacation rental industry and most importantly be assured they collect the appropriate taxes.

If the owners do not comply, there is a substantial fine (up to \$1000/night).

I think this will help the vacation rental community in Hawaii substanitally on several different levels. First, if licensed professionals are required to be used they will maintain the current ethics required or could potentially have to forfeit their license. Currently most vacation rental homeonwers don't even know what those ethics or regulations are. Second, the correct amount of taxes will be collected and submitted to the State of Hawaii. Third, I feel it will raise overall rates and quality due to more standards.

Let me know what you think. **Leave a comment if you support HB 1707.** Let us know why it is

DAMON KEY LEONG KUPCHAK HASTERT  
A LAW CORPORATION

February 24, 2012

Attorneys at Law

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Charles W. Key  
(1929-2008)

<sup>1</sup>Admitted in Texas  
<sup>2</sup>Admitted in Hawaii and California  
<sup>3</sup>Admitted in New York and  
District of Columbia



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sophisticated legal advice  
and exceptional service.

The Honorable Rosalyn Baker  
State Senate  
415 South Beretania Street  
Hawaii State Capital, Room 230  
Honolulu, Hawaii 96813

Re: SB 2089

Dear Senator Baker:

We represent the Hawaii Vacation Rental Owners Association (“HVROA”) in opposition to Senate Bill 2089, which purports to require non-resident owners of residential units to hire licensed property managers when renting their homes.

Bill 2089 is patently unconstitutional discrimination against non-resident property owners by the State of Hawai’i, in violation of the United States Constitution. The Constitution prohibits discrimination against non-residents through the Equal Protection, Privileges and Immunities and Commerce Clauses. It is well-settled law that the right to own and dispose of privately-held property is a “fundamental right” for purposes of the Constitution. *Daly v. Harris*, 215 F. Supp. 2d 1098, 1101 (D. Haw. 2002) (Honolulu’s Hanauma Bay non-resident fee ordinance). Under the Equal Protection and Privileges and Immunities Clauses, discrimination on the basis of residency is reviewed under strict scrutiny. The statute is unconstitutional if it is not necessary to further a compelling state interest. *Walsh v. City and County of Honolulu*, 460 F. Supp. 2d 1207 (granting injunction against Hawai’i’s residency requirements). In fact, the Hawai’i Supreme Court has held that Hawai’i’s durational residency requirement “exists without a rational basis.” *York v. State*, 53 Haw. 557, 561 (1972).

Likewise, under the Commerce Clause, the inquiry is whether the law regulates evenhandedly with only incidental effects on interstate commerce, or whether it discriminates against interstate commerce, which means different treatment of in-state and out-of-state economic interests. “If a restriction on commerce is discriminatory, it is virtually per se invalid.” *Barber v. State of Hawai’i*, 42 F.3d 1185, 1194 (9<sup>th</sup> Cir. 1994).

(over)

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DAMON KEY LEONG KUPCHAK HASTERT  
The Honorable Rosalyn Baker  
February 24, 2012  
Page 2

Under any analysis, SB 2809 will not pass constitutional muster. Laws requiring the payment of transient accommodation tax already exist. Taxes are paid, or not paid, by residents and non-residents alike. The Bill has absolutely no purpose other than to significantly increase the cost of owning and renting property for non-residents.

In addition to these insurmountable constitutional infirmities, the Bill has many other fatal flaws. It impermissibly infringes on the four Counties' home rule powers, each of which can differently define transient accommodations for purposes of their zoning laws. In addition, property owners are statutorily exempt from using a licensed realtor when renting their own property.

For the foregoing reasons, and others, HVROA respectfully requests that SB 2809 not be passed.

Very truly yours,

DAMON KEY LEONG KUPCHAK HASTERT



Gregory W. Kugle

GWK:ds

cc: Ms. Angie Larson  
160982

To whom it my concern,

I would like to express my concern of the SB 2089 bill. Having confirmed private properties in Hawaii on many occasions with private owners I can tell you that the taxes were paid to the owners and that often times it was because of such deals that the clients were able to afford the trip. Over the last several years it has become more and more difficult for people to afford such vacations especially as the airfares continue to increase. For instance, last year travel from the state of New Mexico was approximately \$600 in the month of July, this year the fares are tipping the \$900 -\$1000. For a family which normally stay in such accommodations as privately owned condominiums this make the trip almost impossible. If this bill passes then the accommodations will increase in price as well. I believe that the overall outcome would be less travel to Hawaii.

As far and my experience as been. I receive better service from a private owner than a property manager.

Thank you for taking my views into consideration.

Pat Pitcher  
The Travel Group  
24 Bouquet Lane  
Santa Fe, NM 87506 USA  
505 455-9200-ph  
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[pat@yourtravelgroup.com](mailto:pat@yourtravelgroup.com)  
[www.yourtravelgroup.com](http://www.yourtravelgroup.com)  
Hours: Mon - Friday 8:30am - 1:30pm except Wednesday  
Wednesday 8:30am - 11:00am

February 24, 2012

Senator Rosalyn H. Baker, Chair  
Senator Brian T. Taniguchi, Vice Chair  
Members of the Committee on Commerce and Consumer Protection  
Twenty-Sixth Legislature  
Regular Session, 2012

Re: S.B. 2089  
Hearing on February 28, 2012, 10:00 a.m.  
Conference Room 229

Dear Chair, Vice-Chair and Members of the Committee:

My name is Ann Baran. I am the Senior Director of Resort Operations for Trading Places International the managing agent for the Hanalei Bay Resort in Princeville, Kauai and strongly oppose S.B. 2089. The Hanalei Bay Resort consists of seventy-seven timeshare units and thirty-four whole owner units. The whole owners do rent their units out for transient accommodations periodically. There is a 24/7 front desk, nightly in house security and a maintenance staff that handles any emergencies for both the whole owner units and the timeshare units.

Under the transient accommodations tax law, the operator of a transient accommodations, who may be an "owner or proprietor or...lessee, sub-lessee....licensee, or otherwise" is required to pay the transient accommodations tax. The law, in section 237D-8.5, provides for the collection of the rent on behalf of an owner by a third party and the filing of required tax information. Chapter 237D already provides for penalties for engaging or continuing in the business without registering as required by the law.

This measure imposes the requirement that a real estate broker or salesperson must rent or offer to rent the property only on nonresident owners of rental properties. Section 467-2, Hawaii Revised Statutes, allows any individual owner of real estate to rent or offer to rent their own property without coming under the scrutiny of the Commission. This measure discriminates between resident and nonresident owners of property and how they are managed. Section 467-4, Hawaii Revised Statutes, clearly states that the purpose of the Commission "is the protection of the general public in its real estate transactions." This new requirement defies the purpose of protecting the general public in its real estate transactions.

This bill discriminates against owners who live off the islands. Such laws are unnecessary as there are already several laws requiring the payment of taxes.

Thank you for the opportunity to testify on Senate Bill No. 2089.

Sincerely,



Ann Baran



February 24, 2012

Senator Rosalyn H. Baker, Chair  
Senator Brian T. Taniguchi, Vice Chair  
Members of the Committee on Commerce and Consumer Protection  
Twenty-Sixth Legislature  
Regular Session, 2012

Re: S.B. 2089  
Hearing on February 28, 2012, 10:00 a.m.  
Conference Room 229

Dear Chair, Vice-Chair and Members of the Committee:

My name is Lisa Steele. I am a whole owner the Hanalei Bay Resort in Princeville, Kauai and strongly oppose S.B. 2089. I pay my monthly General Excise Tax and Transient Accommodation Taxes monthly. I believe that the majority of owners are honest and also pay their Hawaii taxes. With the economic downturn over that past few years, most owners have reduced rental income, so in turn, less taxes to pay. Maybe this is why Hawaii thinks the state is not getting what is due to them.

I do not really understand how a real estate agent, trained to sell property is also qualified to manage rental properties. The two tasks are NOT similar. Managing property is much more difficult than selling and requires day to day, hour to hour involvement. What about the liability required? Yes there are many property management companies today, but there are many of privately owned rental properties on each island. Who will train these real estate agents to become property managers?

The added costs of using a real estate broker or salesperson would put many of us small businesspeople out of business. Our margins are pretty small now, and if I have to pay an additional 10-15% to another party, I may not be able to stay in business. I would be forced to sell my property. More properties would be unloaded on an already depressed real estate market. Sales prices will continue to drop. Foreclosure rates will rise. Properties will not be rented, and the amount of GET and TAT will be reduced. I really don't see how this bill will be good for Hawaii.

Thank you for listening to me.



Lisa Steele

[www.kauai.palmsinparadise.com](http://www.kauai.palmsinparadise.com)

## *Condominium Rentals Hawaii*



362 Huku Li'i Pl., # 204, Kihei, HI 96753 • Tel (808) 879-2778 • Toll Free (800) 367-5242 • Fax (808) 879-7825

February 27, 2012

Dear Senators:

I am writing to express my **strong support** for Bill SB2089.

With the growth of the Internet over the past decade we have seen a rapid increase in the number of property owners who are renting their own condominiums to Hawaii visitors. This change in how vacation rentals are booked has seen two issues arise that need to be addressed: 1) consumer protection and 2) unpaid GE and TA taxes, the latter being a concern of your committee.

I am aware of condo owners that are not reporting any revenue on the rentals they procure. While management companies such as ours are required to report all income to the State and Federal government with Form 1099, we do not report any income generated directly by the property owner.

The State currently has no way of determining what, if any, income is being unreported or underreported. In my investigation of condo owners in our rental program that do their own rentals I have come across a significant percent that are not reporting any income on their own reservations. While it is possible they are not charging for these guest stays, I do not believe this is the case.

Although the majority of the individuals offering their property for vacation rentals are nonresident, I would suggest that all properties should be covered by this bill. We are required to hold client funds in a trust account in a federally insured financial institution in Hawaii. These individual owners are not required to do the same. I am aware of at least one instance where a condo owner lost his property to foreclosure and had advised his future guests that he had spent their deposits and no refund would be forthcoming.

You will receive testimony from property owners who are opposed to this bill. I suspect these are the owners who are playing by the rules and I can understand their concerns. Unfortunately, there is a large number who are not paying their share and are not looking out for the consumer's best interest and I believe this bill will be the best solution to address this out of control situation.

Yours very truly,

R. Allan Raikes  
President

RAR/lm



*Maui Hotel & Lodging*  
ASSOCIATION

Testimony of  
**Carol Reimann**  
Executive Director  
Maui Hotel & Lodging Association  
on  
**SB2089**  
**Relating to Transient Accommodations**

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

**Tuesday, February 28, 2012, 10:00am**

**Room 229**

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 supports SB2089 which will require all non-resident property owners who rent their property as transient accommodations to rent their property through a licensed real estate broker or sales person who must collect applicable taxes for the rental of their property.

Currently, many property rental management programs such as Outrigger, Aston, Classic Resorts, etc already have the approval of the real estate commission to operate transient accommodation units. Requiring all property owners to do the same will help to curtail under-the-radar transient accommodation rentals who do not pay their fair share of taxes.

MHLA strongly believes that all properties in the “transient rental business” should operate on the same level playing field. All transient accommodation rentals should be assessed and taxed on an equitable basis with hotels, timeshares and resort condominiums. Their operations must be legal, and in compliance with all Federal, State and County laws and regulations. Requiring all property owners to rent their transient accommodations under the auspices of the real estate commission will help to ensure that all property owners in this rental market pay their fair share.

The bill will also add professionalism to independent rental properties by requiring a legitimate local entity available who understands the nature of the transient accommodations, pays the proper taxes and who would be available to assist with consumer protection issues.

We urge you to support SB2089.

Thank you for the opportunity to testify.

Conference room: 229  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Tom Hagen  
Organization: Individual  
E-mail: [tom@southkohala.com](mailto:tom@southkohala.com)  
Submitted on: 2/27/2012

Comments:

We are very much in favor of SB 2089. As a property manager in Hawaii who has been in business here almost 30 years we have seen the recent "rental by owner" phenomenon grow exponentially. Many, if not most, of the non-Hawaii residents who rent their vacation properties for transient rentals, do so without having a property manager collect the money. Many owners simply call their paying customers "non-paying guests" and ask the property managers to service the client with minimal compensation while they keep the rent and the GE and TA taxes. Many (and possibly the majority) of owners are collecting the revenue and GE and TA taxes themselves and never report it. The property manager is kept in the dark about the revenue and the State of Hawaii is not collecting the taxes that are due. Hawaii is likely losing many millions of dollars in annual tax revenue due to this form of tax evasion.

The largest website for owner rentals is VRBO and there has been little, if any enforcement, on the tax collections. Not only is this situation allowing thousands of people to avoid their tax obligation it is also undercutting the revenues of the hard-working licensed Hawaii property managers who are paying the wages and taxes due on their employees. People will continue to get away with this until new laws are put in place to protect the State's tax revenues and the local management companies.

At this time we have a huge and growing underground economy of unlicensed housekeepers and other people helping the owners who do not get 1099 or payroll taxes deducted. The problem is far bigger than just the lack of reporting by the owners. Many, if not most, of the people who work for them report little of their revenue either.

It is very important that rent-by-owner people be required to have the rent and tax receipts collected by a licensed property management company. If this is not required the likely result will be essentially the situation we are have now. Many of the owners will keep the money themselves, not report the rental revenue to the management company, and not report the income and taxes to the State of Hawaii. The property management company provides protection for both owners and customers by placing the money in a trust account insuring that all income collected is reported. This is the only way to insure that all parties are protected and that the State of Hawaii collects the tax receipts that are due.

The licensed Hawaii companies also have very low cost fee structures to help market-yourself owners do business. Most offer programs in the 10-15% range and some for a modest booking fee.

Aloha,  
Thomas Hagen  
President, South Kohala Management Corp.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Support  
Testifier will be present: No  
Submitted by: J. Conway  
Organization: Individual  
E-mail: [jeninhb@hotmail.com](mailto:jeninhb@hotmail.com)  
Submitted on: 2/26/2012

Comments:

Aloha,

For years owners have been renting their properties illegally without using a Property Manager. This takes revenue away from the State of Hawaii, the Property Manager and the owners that have been doing things according to the law. The illegal owners undercut the market rental rates since they pay no taxes for the rental. This is unfair to the owners that operate in the legal manner and should be stopped. Of course they should be able to advertise on Internet sites and rent their property however this should be done and funds collected through a licensed Property Manager with licensed employees and a local office as the law currently requires. The Property Manager issues the owner a 1099 each year for tax purposes. This allows the State of Hawaii to collect the proper taxes due and also protects the consumer from unscrupulous owners that have no license therefore cannot be censured in anyway.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Christopher Conway  
Organization: Individual  
E-mail: [la2island@me.com](mailto:la2island@me.com)  
Submitted on: 2/26/2012

Comments:

Aloha,

Guests arrive at a condo that is not as advertised or if they have a problem there is really no one to contact for help. We prefer to use a company so we feel more comfortable dealing with someone that is licensed by the state.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Support  
Testifier will be present: No  
Submitted by: C.Moody  
Organization: Individual  
E-mail: [craig.a.moody@gmail.com](mailto:craig.a.moody@gmail.com)  
Submitted on: 2/26/2012

Comments :

Aloha from Maui! I am writing to support this ordinance. I know of too many situations where owners renting from the mainland are not paying the same taxes that I am.

An alternative to the ordinance would be to require all off-island owners to provide an annual compliance report with:

1. proof of GET/TAT payments
2. proof of payment of state of Hawaii income tax on all rental income
3. proof of 1099's being issued to all service providers
4. proof of correct property taxes being paid

It's time that everybody paid their fair share to support the many amenities and services provided by the residents of the State of Hawaii for the tourist population. It is our most important industry, but all rental owners (hotels, homes, condos) need to contribute to the upkeep of the services used by the tourists.

Thank you for pursuing this important legislation.

Susan Olivier  
from the beautiful island of Maui

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

E-mail: [Brenda.Kosky@gmail.com](mailto:Brenda.Kosky@gmail.com)

Submitted on: 2/27/2012

Comments:

One reason this is needed, is because there is a whole section of persons who feed off of stealing from the homeless. You pay them hundreds of dollars and then your agreement is broken by the persons with the room for rent. You loose money that you are trying to survive on, and can not get the deposit back. You have no laws protecting you because you are homeless. This would give those people seeking the cheapest shelter some protection!

To whom it may concern:

I am opposed to SB-2089. Several property management companies have made testimony in favor of this legislation. I would like to refute some of their claims which were made concerning out of state property owners.

Those in favor of the bill claim that Hawaii's tourism standards are at risk because of the lack of professionalism of private owners. If that is the case, why have renters gravitated to doing business through personal owners. My business is primarily repeat renters who come back every year because they know the quality that they are getting when they rent with me. If the experience was so bad, they would not come back.

Those in favor of the bill claim that out of state owners are tax evaders and that everyone who stops doing business with a property manager is doing so to avoid paying taxes. The true reason that most people leave a property manager is the lack of accountability that they get with a property manager. I would like to share just one story that I have regarding property managers. During one of my trips to the island, I personally watched in horror, while a couple renting from a prominent property management company, potty trained their child while on vacation. The child ran around the rental unit without underwear and urinated on every piece of furniture that she sat on. Most people rent their own units to protect and manage their assets. I would gladly use a property management company if I could find one that I could trust to look out for my best interest. Owners cannot afford to pay the huge fees that property management companies charge and be constantly making large expenditures on repairs and maintenance for the incidents like the one I just mentioned above.

The Property Management industry claims that private owners who do not live in the state do not pay their taxes. There is no basis for this claim and previous studies indicate that the majority of private owners do pay their taxes. I dislike people who do not pay their taxes as much as anyone else, however, to make a blanket statement that the vast majority of tax evaders are off island owners is reckless. In addition, there is no evidence that this legislation creates a vehicle for expediting tax collection.

The Property Management industry claims that privately owned rentals do not make a satisfactory economic contribution to the state and transfer income outside of the state. Many off island owners have property that has depreciated so significantly, they owe more than it is worth. They are hanging on by their fingernails just to do the right thing and not foreclose. On top everything else, they pay property taxes and hefty association fees. Please keep in mind that condo associations provide employment for residents of Hawaii. Most owners barely cover their costs in terms of rental income and most of that income is injected back into the local economy. Adding a 20 to 30% cost to owners will force many more people into foreclosure causing an increase in abandoned property and the insolvency of many condo associations. That cannot possibly be good for tourism. The property management industry wants others to bear all of the risk of ownership while they reap the benefits.



.Finally, I believe this legislation will do more to harm Hawaii's economy than to help it. Tourists do not have unlimited funds to spend on a vacation. Airfare alone is a deterrent. Add an additional 30% for lodging, and tourists will spend less on restaurants, boat tours etc---that is if they decide to come at all. Is this really fair to other industries and small business owners who benefit from the business that that private renters bring?

I love Hawaii and its culture. I try to encourage my renters to go out and spend money to support the local economy, and even do some volunteer work if they can. Some of my renters do a significant amount of volunteer work. In addition, I make it a point to rent to people who respect the island. I have one renter who has left money in her will to one of the island libraries. This legislation sends a bad message to tourists, and anyone seeking to buy real estate in Hawaii. Please don't make the assumption that mainland tourists are an unlimited resource that can be tapped into. They will reach a limit in terms of how much they are willing to spend and eventually seek different options. All states are dealing with budget issues that need to be dealt with, however, there are better ways to enforce the laws and deal with tax evasion. Posting tax identifications numbers on websites is a start. .

Mahalo for your time,

Beth Ferris

This is in reference to Senate Bill 2089.

My wife and I are owners of a condominium on Maui, where we reside for half the year, and rent out for the other half. We are strongly opposed to this bill for many reasons.

Firstly, based on the parties that initially pushed the concept and have been most active in lobbying for it, this bill appears to be an attempt by various property managers to take away the rights of individual property owners to manage their own properties, and force them to pay high commission rates to management companies for services that property owners may prefer to handle for themselves.

Here is a list of additional reasons that this proposed bill should not be passed.

1. It is a serious impingement on some of the most basic rights of property ownership. If a person abides by all of the laws of zoning, taxation, etc, it is against all constitutional concepts of real property ownership that he would be forced to hire an outside agency to perform services that the owner would prefer to handle for himself. This would be equivalent to requiring by law that all property sales in Hawaii involve paying a commission to a real estate agent.
2. Financially, this bill will take money away from property owners who have invested in Hawaii, and transfer it to management people who have no vested interest in the property.
3. We have the required business license to rent our property, and have always paid the appropriate taxes when our property is rented. Passing this bill would essentially shut down our personal rental business, and transfer a portion of the income to management people who have no direct interest in our property.
4. By personally controlling the rental of our property, we can make personal contact with the people that we choose to rent our part time home to, which provides a level of comfort and security over who we let into our home. Management companies have no such personal interest in who is let into a home, and their are innumerable stories of rental units being destroyed by renters put in by uncaring agencies.
5. We take great personal pleasure and pride in our part time home on Maui, and take equal pleasure and pride in being able to share it through rental to others when we are not there. We carefully choose our cleaning and maintenance people, and enjoy working directly with those that will be caring for, as well as renting our home. Giving up these rights to control the care and rental of our property is not just an invasion of our financial and business rights, but of our ability to control the usage of our part time family home.
6. From our own experience, and the experience of many fellow property owners that we have talked to, forcing an owner to work with a property management company exposes that owner and his property to numerous risks that he would not otherwise be exposed to. Here is a list from our experience: Keys being passed around allowing unauthorized access to the unit, people staying in the unit that were never reported to the owner, excessive numbers of occupants allowed to stay in the unit, insufficient qualifying of potential renters resulting in damage to the unit, improper accounting to the owner, poor cleaning of the unit between guests, poor maintenance of the unit. When an owner is in direct control of his unit, and has direct contact with the guests as well as the cleaning and maintenance people, these problems rarely exist.
7. We have heard the argument that this bill will increase the states income by enforcing the payment of taxes on rentals. I feel that this theory is wrong on a number of counts. First of all, it is incredibly unfair to those of us who have been diligently paying taxes on our rentals to force us to now pay huge commissions to real estate companies. Secondly, I do not believe that it will increase enforcement. Those that have been avoiding the tax laws, will most likely ignore this new law requiring the use of a rental agency. In fact, I think that the huge increase in cost imposed by the rental agencies will encourage more owners to go "underground", since their budgets may not have the room to accept the extraordinary additional cost that this bill would impose. It will likely put some law abiding owners in the position of either needing to now go underground, or sell their property since the remaining income to them may not cover their mortgage and other costs of ownership.
8. Currently, the majority of units rented directly by their owners can be tracked on the sites through which renters find these units; sites such as VRBO (Vacation rentals by owner). If this bill passes, anyone not paying their taxes and not willing to pay a management company, may pull their listings off of these sites, taking away a major tool for the state and the Department of Taxation to track these things.
9. In our case, if this bill were to pass, rather than dealing with a property management company, we would likely convert our unit into a long term rental, which would cost the state thousands of dollars a year in tax revenue. This would be a lose- lose result for both us and the state, costing both us income. If this bill were to pass, the only winners would be the property management companies, which would have been handed a monopoly by the legislature.

I strongly urge you to vote against any further consideration of this line of thought which so unreasonably impinges on the basic rights of property ownership, and forces property owners to pay huge management fees that will destroy carefully planned budgets that families are counting on to be able to afford their part time home, vacation home, and hopeful retirement home. To repeat, I do not believe the theory that this bill would substantially increase state revenue, and believe that it may indeed have the opposite effect.

Thank you for considering our position on this matter.

*John Crews*

As a home-owner, I am very concerned about the impact this bill will have on my rental. I cannot afford to pay a realtor/property manager 30-45% for services that I already offer at high standards, and I pay my taxes quarterly to the state of Hawaii. This bill will have devastating effects for tourism in Hawaii!

Please do not allow this bill to pass!!!!!!

Mahalo,  
Dorothy

Wendy Minor  
59-158 Kanaloa Drive  
Kamuela, HI 96743

24 February 2012

Re: SB 2089

I am a resident of Hawaii and I am opposed to this measure. In this economy and with the great need for increased tourism, now is not the time to slap non-resident owners with a regulation that they must use a real estate or property management company to rent their vacation properties for 30 day or less periods.

I have heard the argument that these owners are not paying their TAT taxes. Do not paint the entire by-owner rental people with this brush, and eliminate an entire segment of the tourism industry with this bill. Have you ever thought why such groups as VRBO are so wildly popular? It is consumer driven! Tourists can pay 25-40% less for their rentals! That can mean a vacation of one week can almost be extended to two weeks by the decreased price....and that means more tourism dollars. My family uses VRBO rentals world-wide for our vacations. It makes it possible for us to travel more because it is less expensive. In this economy, that is extremely important. We also enjoy dealing directly with the owners who are much friendlier and more accommodating to our needs than some property management person who doesn't care deeply about the property, as the owner does.

Why should tourists come to Hawaii, pay 25-40% more for their vacation, when they can go elsewhere and rent from these by-owner rentals?

This bill will shoot the tourism industry in the foot.

This bill would cause many properties to be pulled off the rental market.

If the worry is not getting the tax dollars, then think again, and find another method to track down these taxes. There are many, many scoff-law non-tax payers of all kinds of state taxes in the state of Hawaii....don't shut down an entire industry of property owners just to get more money in the tax coffers, and at the same time, hurt our precious tourism industry.

Think outside the box....and get the tax department to figure out how to re-coup all the various taxes that are not being paid. Don't pass this bill.

Aloha,  
Wendy Minor

February 24, 2012

I am submitting my testimony for **SB 2089**.

I am **OPPOSED** to this legislation.

For several years, my husband and I have owned a rental property on the Big Island. Before renting this property, we applied for a business license. We took the time to understand the GE and TA taxes. We collect and submit these two taxes on time and as required. We follow the rules.

Because I manage the rental, I am keenly aware of our cash flow and accounts receivable. I am able to manage and pay our mortgage, association dues, property taxes and other related expenses in a timely manner.

**The irony of this proposed legislation is that the delinquent association owners and foreclosures in my condo development are REAL ESTATE AGENTS!! YES!** These same people who are proposed to manage MY well run property are actually the stinkers of our development! Real estate agents who mismanaged their risk and own finances and have been a plague on our development. Our development is working to purge the real estate agent owners—the plague in our development—and slowly our association income levels are increasing and competent owners are taking over the units. **MANY OF THESE DISTRESSED REAL ESTATE AGENTS RENTED THEIR UNITS AND NEVER COLLECTED GE OR TA TAXES!!** Oh the irony of this legislation!!!

Before taking any further action on this legislation, I ask that the Hawaii legislature conduct research into how many State of Hawaii foreclosures were owned by real estate professionals. I think the results will be shocking!

I ask the Hawaii legislature to please toss out this proposed legislation. It was not introduced in good faith. This legislation will be devastating to already stressed and strained families who are just staying afloat in this economy.

Thank you for your consideration.

Christine Hughes

Homeowner, The Palm Villas in Mauna Lani

Big Island

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Arthur William Sullivan  
Organization: Individual  
E-mail: [awsthree@yahoo.com](mailto:awsthree@yahoo.com)  
Submitted on: 2/24/2012

Comments:

I have 40 years of personal property management experience managing MY OWN properties. How can you require me to hire someone who likely has less management knowledge that I DO? It seems like a very silly expense and I COMPLETELY OPPOSE IT!

Thank you for allowing my voice to be heard, contact me if you have any further questions.

Art Sullivan in Princeville

I am strongly opposed to this bill. We have often visited Hawaii and at times rented directly from owners of condominium properties. Hawaii is already a fairly expensive place to vacation. If the rental rates start to increase by 25 - 40% due to bills like these, then other destinations will quickly become more attractive.

In addition, it is a great example of too much government involvement in private industry. An individual owner should have the ability to decide whether to rent out through an manager or on their own. It starts to violate basic property ownership rights when government, in response to various lobbying groups, tries to mandate unnecessary requirements.

Given that the real estate management groups often are involved in funding political campaigns, this creates a clear conflict of interest when Senators vote this type of bill and unnecessary government intervention favoring one group over another.

Curt Brouwer

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Cara Birkholz  
Organization: Individual  
E-mail: [carabirk@gmail.com](mailto:carabirk@gmail.com)  
Submitted on: 2/24/2012

Comments:

I am a resident condo owner and I am opposed this bill as I do not think it is an efficient way to collect taxes that are supposedly not paid. The supposedly un-reported taxes are just hear-say, there is no way of knowing what the number actually is. I absolutely agree the State is entitled to receive the taxes it is owed, and for the record, I charge, report and submit all the taxes I owe in a timely fashion.

I believe having on-island realtor affiliated management companies running all (or substantially all) island rentals will have a negative effect on both tax revenues for the State and also the tourism industry as a whole.

1. Many rental management companies already do a poor job at marketing condos, how will they be able to cope with many more condos? Even though I live locally, I use two management companies to supplement my own bookings . If I needed to rely exclusively on bookings sent by them (and pay a commission on those bookings), my condo would get much lower rent (I have had to give both of them minimum rental prices I will accept) or would be substantially less occupied, in both cases reducing the GE and TA I owe.

2. As an owner I know there isn't 20-50% extra money to fork over to a management company for commission (yes, Outrigger at Palms at Wailea on Maui charges 50% commission off gross rents). This will force many owners to sell their properties, flooding an already depressed market, creating more foreclosures, and for that matter, lowering commissions realtors are making on housing sales, but also lowering property values (and thereby property taxes)!

3. Guests like renting directly from an owner, dealing with owners, making those personal connections. Many of the guests at our four Maui condos have previously rented through rental agencies, and now choose to rent privately because our condos are much better maintained and have better customer service. I could see a large number of guests choosing to spend their vacation dollar in other non-regulated states, or Caribbean countries instead.

4. I suspect there will be a backlash by many owners who will sell their condos and no longer come to Hawaii to spend their hard-earned dollars.

One approach to getting a better handle on rentals is to insist that every condo owner on Hawaii who does transient vacation rentals has a TA and GE number. Require condo associations to hand over occupancy reports for all their units, detailing the weeks it is empty/owner occupied/tenant occupied. Three of the four buildings we own in already collect this information for guest-check-in purposes. One could very easily compare the TA/GE reports with the occupancy reports and have a fairly clear picture if owners are reporting and paying the TA/GE they collect.

Please reconsider your options and do not pass this bill. Mahalo.

Cara Birkholz

[www.maui-oceanview-condo.com](http://www.maui-oceanview-condo.com)

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Steve Adams  
Organization: Individual  
E-mail: [Galapagos\\_hombre@yahoo.com](mailto:Galapagos_hombre@yahoo.com)  
Submitted on: 2/24/2012

Comments:

As a Waikoloa resident I am opposed to this bill for the following reasons: 1. It is discriminatory as it relates to commerce conducted by out of state residents. AKA non-constitutional; 2. Tax evasion knows no residency bounds; 3. Attacking homeowners for using the Internet to market their properties in favor of creating a state regulated monopoly (Hawaii state licensed real estate individuals) is like saying in 1940 use of that new fancy thingy called the television is prohibited. Advertising can only be done through print advertising. If the current property management companies can't offer a competitive service it isn't the responsibility of the government to prop up an industry that needs to evolve; 4. Forcing the use of property management companies will drive up the price of vacationing persuading many to take their vacation dollars elsewhere. Our island economy needs more tourists not fewer; 5. This bills tells future potential vacation home owners that you ought to look elsewhere because Hawaii believes in more regulation and fewer personal choices about the use one's own property. Our real estate values are already depressed why do want to keep many homeowner mortgages under water by scaring off potential buyers? 6. Many non- resident owners hire contractors, handymen, and small cleaning companies who are not affiliated with property management companies. Why do you want to put them out of work? Why are real estate agents to become a protected profession?

**Reference:**

MEETING: Committee on Commerce and Consumer Protection  
DATE: Tuesday, February, 28, 2012  
TIME: 10:00 AM  
PLACE: Conference Room 229

State Capitol

415 South Beretania Street

To: Senator Rosalyn H. Baker, Chair, Senator Brian T. Taniguchi, Vice Chair, and Members of the Senate Committee on Commerce and Consumer Protection

Date: February 25, 2012

From: Jeffrey and Brenda Gilb, Hawaii Tax ID # W91686388-01

Owners of an Apartment in the Kona Onenalo Development

Re: SB2089 Relating to Transient Accommodations

As Owners of a property that is subject to the above referenced proposed legislation, we are writing to express our opposition to it. This proposed legislation is grossly unfair to the thousands of us who have faithfully complied with the tax laws, and effectively managed vacation rental properties on our own. As honest taxpayers who remain in compliance with the current laws, we see the tax collection problem and concur with the Legislature's intent, but this is not the way to solve this problem.

Interposing an additional agent, and the associated cost, on the large number of vacation rental transactions covered by this legislation will cost Hawaii much more than the gain from recovered tax revenues. The market competitiveness of our rentals is already seriously impacted by the 13.25% tax levies on transient rentals which are among the highest in the US. This legislation will have unintended consequences in the current depressed real estate market and seriously impact Hawaii's competitiveness in the vacation rental market. In addition, we have attached a letter from the law firm of Damon Key Leong Kupchak Hastart, attorneys for the Hawaii Vacation Rental Owners Association, expressing their opposition to SB2089 due to the unconstitutional discrimination contained in the bill.

Surely, the Legislature and the Department of Taxation can come up with enforcement programs that do not unfairly penalize law abiding owners and deliver a windfall to undeserving real estate professionals. This proposed legislation is not only unfair in its scope, but will also seriously impact Hawaii's attractiveness as a vacation rental market for both potential owners/investors and for vacationers themselves.

Sincerely,

(signed) Jeffrey and Brenda Gilb  
77-6516 Alii Drive #8  
Kailua-Kona, HI 96740

Attachment: letter on behalf of HVROA by attorney, Gregory W. Kugle



My family visits Hawaii annually, we enjoy the beauty of the Island and the people we meet. I am writing this email to oppose the SB2089 and HB1706 proposed bills because at the end of the day the cost of hiring Property Managers will drive the price of the rentals up...people like me may not be able to sustain these increases. I enjoy the fact that I can create a meaningful experience with the owner, and negotiate FMV prices that make it a more manageable financial experience. I've spent thousands of dollars in Hawaii and the revenue you generate from transactions like mine should be adequate to sustain your tax base and obligations. Please don't make this another way to gouge hard working people, I will take my vacation dollars elsewhere.

Sincerely,

Renee Van Rhyn  
Resident of California

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Jim and Debbie Stofer  
Organization: Individual  
E-mail: [jimstofer@comcast.net](mailto:jimstofer@comcast.net)  
Submitted on: 2/25/2012

Comments:

As a home-owner and renter of my condo on the Big Island, I strongly oppose this measure. I have used a management company in the past (who, it was found out later gave free rent to people without our approval and used the property in an unlawful way) and we have yet to find any owner on the island who uses a management company that is satisfied with them.

Management companies do not care for our property as we do, do not go out of their way to make sure that the renters thoroughly enjoy their time in Hawaii as we do and, as a business, simply are in the business to make money no matter what. The items we have had stolen by renters and the damage renters did to our unit when managed by the management company went unreported to us until we arrived to enjoy our piece of paradise in Hawaii (which we do 3-4 times per year).

We have never had these problems since we now control the rentals of our condo (we do have on-island representation) and we know that our renters enjoy their stay so much more and are much more likely to return.

We, like most, do pay the transient and excise taxes monthly. I am sure there are many that do not but they are the minority, not the majority. Why would you punish those of us who are legally abiding by the law? This bill is over-kill and there has to be a better way of policing this.

If this bill is approved, our only recourse would be to not rent our unit any more. I can make the mortgage payments but the \$20,000+ in tax payments for your state will go away. I cannot risk my property for the sake of making a few

dollars. If we cannot control who rents it out and who is allowed to stay in it, then that is a "deal-breaker" for us.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Motter Snell  
Organization: Individual  
E-mail: [Mottersnell59@gmail.com](mailto:Mottersnell59@gmail.com)  
Submitted on: 2/25/2012

Comments:

Please keep third party agents out of my rental business. I am a widow, on a fixed income. I need the rent money to supplement my meager income. I can not afford to pay a third party. I pay plenty of taxes to the State of Hawaii. This feels like a play by the realtor to get commissions from my personal business. I have a small coffee farm and need all the rental income to keep this agriculture enterprise viable. Thank you.  
M. Snell , Holualoa, Hi.

Please count me as opposed to SB 2089 because:

- \* SB-2089 is illegal/unconstitutional.
- \* HB 1707 has already been defeated in the House because of its illegality. Please follow suit with SB-2089
- \* SB-2089 will cost Hawaii tens of millions of dollars in lost TA/GE taxes

Sincerely,  
Steve Childs  
45 Kai Ala Drive  
Lahaina, HI 96761

## Re: Proposed Hawaii Vacation Rental Legislation

Dear Senator,

My wife and I have read arguments for and against SB 2089. We offer a brief summary of the pro's and con's arguments pertaining to the proposed Legislation. Clearly, as written this bill is flawed and is not constitutional as it violates both commerce and equality rights for private property owners.

Arguments for SB2089:

1. Loss revenue from non-reporting income from rentals or incorrect reporting of income by both resident and off-island property owners.
2. Lack of proper on-island representation to assist guests with issues arising from lack of on-call personnel.

Argument against SB2089:

1. Bill imposes a new tax collector (licensed property manager) to collect rents and taxes and forwarding taxes, constituting a "taking of property rights".
2. Bill discriminates against all off-island owners and is deemed unconstitutional since it violates both commerce clause and equal treatment by specifying the use of licensed property managers to private property owners renting their own property.
3. Bill does not have any mechanism to identify the real owners operating illegal transient vacation rentals who don't pay taxes since they are illegal. The bill imposes a heavy burden estimated of more than 30% additional expenses to all off-island TVR property owners thus will force more owners into foreclosures or lower real estate values.

We are Private property owners on Maui using Internet to do the proper client processing, collecting rents (and associated GE/TAT taxes) and corresponding. We have a local on-call property manager, but we pay property management fee, cleaning services, gardening and other maintenance. We value our relationship with our rental clients and screen our clients to respect my neighbors privacy. Our property is well maintained. To date we have not found a property manager who screens tenants properly. Many Agents will simply direct our clients to their own properties. They do not provide the personal touch. As private property owners we have the basic right to rent our condo without hiring out this personalized service. Your bill will wreck our business and do a disservice to our neighbors and the locals. **This Bill will create be a huge loss in tourism and employment to locals, because owners will not be motivated to book as many rentals. Property values will decline further. Consequently, Maui County property tax revenue will decline!** The bill itself is written that a Manager may charge fees up to 50% ! We feel that the bill does not satisfy your needs and also violates our personal property rights for the special advantage of the large property management firms.

For these reasons we implore you to not let this bill go forward.

Respectfully, Eric & Elizabeth Soldahl

If this bill doesn't pass it will cost the State of Hawaii millions....the VRBO renters are up in arms because they won't be able to cart all the money they make out of the state and into their pockets. The Local Housekeepers and service personnel that are illegally renting and managing properties are crying as well because all of sudden they will have to do what is legal and pay taxes.....The people that are most upset are the ones that don't have deal with the challenges of Vacation Rentals on a day to day basis here in the State. Most importantly you will allow the out of State individuals who DO NOT VOTE, to control the lives of VOTERS in this state... Don't let people that are sucking the life out of our state, and costing us 35-50 million in revenue because they don't collect taxes or if they do they aren't paying them. Most VRBO owners have found a way around so they maximize their profit and cheat the support people that are trying to make a living here in the Islands. All of the other Vacation Markets are increasing prices due to increased costs but VRBO owners lowball prices and the best way they do it to get renters is to not collect the GET and TAT...then they get the rentals and the owners that are collecting the taxes are penalized. Maybe if you tell Vacation Rental companies that they can't charge more than 30% commission for their services it would appease the VRBO'ers They just don't want to pay to have their Homes protected, Rented and provide the guests with the proper services. The ones I don't hear complaining are the ones that have on island representatives that keep 12 people from checking into a residence that is only supposed to hold 6, or the owners that have had the home destroyed only to find out after the guest has checked out....They are looking at only one thing....money that they don't get to keep because of increased services to the guest

--

William F. "Bennett"  
68-1845 Waikoloa Road  
Suite #106 PMB 133  
Waikoloa, Hawaii 96738  
808-896-6385 24/7 service  
866-495-1501 FAX

Annette Andkaer – individual resident of Hawaii.

South Kohala – Hawaii Island

Opposed to SB 2089 & HB 1706

February 25, 2012.

It is always an honor to have the opportunity to freely express oneself to the Legislature...an honor no one should ever take for granted. I am proud to be a resident of Hawaii and to have this honor.

In my opinion, this great and wonderful State Of Hawaii is in trouble. In my opinion, it is ill from within...it seems to be on a path of self destruction with SB 2089 and HB 1706. And, what is it, really, that is negatively impacting Hawaii's economy? First, let's be real: There is no way that the majority of non-resident private property owners in the State of Hawaii would take a risk to their livelihoods and leave themselves vulnerable and open to criminal charges by NOT paying their GE and TAT tax. Further, to even imply that non-resident property owners are detrimental to the local economy is ill founded and rooted in nothing more than a mean-spirit by a group in the State that can not succeed themselves because of their own failures...namely that group seems to be the property managers who seem to be the one group behind this Bill. That is what it looks like among the many eyes and ears that are watching and listening ...around the country and internationally...the PRESS is catching up on this "story". The fact is: non-resident private property owners EACH invest thousands upon thousands of dollars every year in the State of Hawaii. Often they buy 'depressed' properties...places that have not been well taken care of by previous resident owners, and/or *by property management companies!* Those property owners inject hard cash into the local economy through real estate purchases, buying furniture, appliances, landscaping services, products, cleaning services, car rental services, limos {weddings}, major appliances, carpenters, electricians, plumbers, electric utility, water utility, cable services, phone services, house painters, trash removers, local small businesses, hardware, lumber, remodeling services, food, restaurants, and the like. Every single aspect of business in the State of Hawaii is POSITIVELY impacted by the existence of non-resident property owners in tandem with all other property owners who are residents of the State who also invest in real estate. And, so now there are property managers and a handful of State Legislators seeking to accuse them of crimes with no evidence...no proof..... and they want to punish the owners! To the world, this is unethical, unjust, misguided and immoral. To me, I have to believe that this is a gross misunderstanding of the reality....and it's a misguided attempt – most probably a sincere attempt – to "help a special interest group". The Internet is buzzing over these Bills...and we should all care. People are organizing. Why are you allowing an injustice to prevail in this great State that people love to support! Where is the fairness? Where is the justice? Where is the business sense? Where is the common sense? Where is the Aloha?

It is believed ...and being discussed on the Internet that there is no way that the State stands to collect \$35 -\$55 million in tax revenue. In fact, much to the contrary, it is believed the State will lose a sizable chunk of revenue if these Bills pass. Many property owners will simply leave the state or even foreclose. Many others who are considering buying property in Hawaii will STOP if they see that their rights to self manage will be taken from them. Many visitors will STOP coming to Hawaii – if they are forced to expensive hotels and resorts. Now, that is a very sizeable number of travelers that will go elsewhere....both to relax on vacation...and to invest in properties. Hawaii will quickly become known for it's *un-Aloha* to property investors and small business owners. I am a resident and this is what I fear. *But, why don't you fear it?*

There is known testimony of Hawaiian House Committee On Finance from their deliberations regarding Transient Tax from the Bill SB 750 SD 3 HD 1 dated April 2007. The property owners are digging around for information, being forced to research to find evidence that supports their position, it's being spread around. Earlier copies of Bills are being emailed to each other...posted on Internet forums...and the PRESS is starting to wake up. It is being discussed on the Internet that in the testimony from 1 April, 2007, it details an audit conducted by The HTA of both bed and breakfast and condo vacation rentals and they found a high compliance for people remitting their GET and TAT. Their recommendation strongly opposed Bill SB 750. They also found that many of the proponents of the Bill were not as concerned with Tax collection as they were with illegal rentals. If you re-review the testimony of some of the County planning departments for HB 1707 they echo the sentiments of those that testified in 2007. So...this Bill does not seem to be really about unpaid taxes...and this is what is buzzing on the Internet. So, what is it about?

Frankly, it is believed by the majority of those who are "catching on to this story" that HB 1707 directly attacks the private property owners' rights. In short, if passed, it will force private property owners to buy a service they may not want....or need....under threat of the Hawaii State of penalty, i.e. \$1000 per day for every day of non compliance. So, we're trying to comprehend the

mindset of the Bills' proponents: People invest in a State they love...a State they promote visitation to...and a State they aspire to one day live in...and *you threaten them*? Many people around the country are familiar with this concept. It is a troubling development which is bound to end up being as controversial and divisive as another mandate we are all familiar with in the USA. Whether one agrees with it or not....the fact is it created an avalanche of controversy and divisiveness in the country as a whole.

That other "mandate" is a bill already passed...actually pushed through Congress in Washington, whereby citizens will be forced to purchase a product / service that they may not want or need. **That Bill has landed on the table of the Supreme Court in Washington** ...at the behest of **27 US States suing the Federal Government** for **forcing citizens**, again, to buy a service and product.... **under threat of penalty** {\$ thousands of dollars} by the Federal Government for every year of non-compliance. Why would the State of Hawaii take a similar path? Why would the State of Hawaii not be concerned over the gross negative impact the Bill would have on not only the economy but the view of the world's eyes upon it? This seems self destructive...reckless. I am very sad for us here in Hawaii. I love my State. And, people have already begun to compare Hawaii to Cuba. When I heard that...I felt sick. My heart sinks. I love this State and everything it always stood for. I chose it as my home...and I am in pain over the things that people are thinking and openly discussing about the State of Hawaii because of these Bills. Where is the business sense? Where is the common sense? Where is the Aloha?

If these Bills in Hawaii are forced through and approved, I fear, too, they will force a long, expensive and difficult legal action against the State... an appeal will be lodged...perhaps even a class action lawsuit by people from near, far and wide. The PRESS will create an earthquake of headlines and articles against this beautiful and great State of Hawaii like we've never felt. Where is the business sense in all of this? Where is the common sense? Where is the Aloha? There are thousands of property owners – both in State and out of State – even internationally – investing in this wonderful State of Hawaii...bless them for doing this instead of punishing them. Their investments and

promotional efforts support thousands of other local business people in the State who are directly benefiting from the outside investments into properties, the flow of goods and services purchased here in the State not only by these property owners but also through the visitation of tourists who enjoy these private –owner accommodations...as an affordable alternative to the expensive hotels. Why are you not "raising this profile"...why are you not "awarding" these small property investors for their individual self reliance, their individual support to the State of Hawaii ...you know ...you know very well that these owners are needed here, now more than ever. Why not be a more pragmatic decision-making body...to incentivize private property owners in their pursuits of promoting Hawaii... instead of focusing on the narrow-minded negative sentiment from a special interest "group". The economy is hurting. People have less money to spend on vacations on the whole. Those who are the hardest pressed economically will seek the most affordable for them...so they do not have to entirely forfeit their Hawaii vacations. Let's be honest: a lot of people can not afford the hotel rates. I know that I can not...and most of my friends and family can not either. But, when they visit, they want to stay in an owner-managed private property! That is a fact. A lot of people do not want to stay in hotels...and they do not want to be involved with the property managers and property agents . The people need alternatives...the State of Hawaii needs the people to come. Tourism will be hit hard as our State's guests, looking for the more affordable lodging choices that are owner-managed...will stop choosing Hawaii as their destination...and instead head to the many other warm, tropical destinations that are even cheaper to fly to, where they will have a wider, more affordable choice of accommodations. I know that the Internet is buzzing already among people who loved to travel to Hawaii...who love to live in Hawaii...and who will turn against Hawaii in a nano second if such discrimination is lodged against the very people that have supported Hawaii economically. Boycotts are being hinted at already. There are less expensive and easier destinations to reach than Hawaii. And, if the Bill passes, thousands, perhaps hundreds of thousands, of people would contribute to a fund to support a class action lawsuit – against the State of Hawaii for its discrimination, its unfair business practice, its stripping of personal investor's property rights. I would hate this to happen to us, here. I am in pain over what people are saying about Hawaii now. Please understand: what is so disturbing is that not even an investigation was carried out...no fact finding when it is easy for the



State to "find the facts". There does not seem to be even basic research into your allegations...in fact, your Bills inaccuracies fly in the face of previous audits done (2007). I read your Bills and there was no evidence presented...just assumptions...just accusations...seemingly based on "rumor". It is said, on the Internet, to be motivated by certain resident ill feelings, bitterness, and even jealousy by some local property managers who have not the skill set to make a success for themselves in the Age Of The Internet...so instead they lodge an attack and create false evidence...*actually* no evidence against another group...one that is vulnerable outside the State with no possibility to VOTE in the State in which they invested heavily. This is what is being said...this is what it looks like from outside the walls of Hawaii State's Legislature. This is what is buzzing in the real world. This Bill is said to be aimed at the State securing GE and TAT from non-resident owners.....but it does not appear that there is any evidence that non-resident owners living outside the State are not paying their GE and TAT ! **This entire initiative seems Kafkaesque** ...a panel of people levies an accusation, a threat and verdict {pending} upon people who had no hard evidence against them...no trial...and those owners have not even the right to vote in the State in which they invested their personal capital so heavily. To the world, this is shocking ...and it's hard to be proud of the State of Hawaii, over this. The politicians who support these ill founded Bills look misguided in the least, but they also look dishonest at the worst...so please pay attention to what this seems like in the wider world. This is hurtful. I am hurt. I live in Hawaii. I love Hawaii. It is a great State with great people...people of a great history and tradition and a beautiful culture. Who has generated these ugly Bills? All Owners living outside and inside the State, and others who benefit in the State of Hawaii via the injection of monies into the local economy through the owners' investments will lose...and this beautiful State will lose. **This wonderful State should be a MODEL for the rest of the country...as a private investment and business-friendly environment – for ALL.** This State is in deep trouble and it's not because of non-compliance of tax laws by non-residents property owners! **You know this already.** So, what's really behind this? It will likely happen that someone will start an investigation into what is behind these Bills....who is it really that will gain? This is already being suggested on at least one Internet forum. It seems very suspicious to many because there are already measures in place to ensure the collection of taxes...and it is not difficult to identify the non-compliers...so why not

do that...and while you are looking at the out-of-State property owners, don't overlook the many local "residents of Hawaii" who live "off the radar" here, quite willfully...avoiding paying any and all taxes...passing cash to each other for services performed...trading goods & services ...filing no claims! Why don't you audit those people? The results of such Bills will be devastatingly far-reaching, indeed...in not only the response from the "world" community as to the *unfriendly* State of Hawaii to business and to property ownership via the world PRESS, it will most probably be a long-term detriment to the local economies of the State, it will force the sale and even in many instances the foreclosure of properties, perhaps even drive people "underground" with the management of rentals, it will insight and fan the flames of discrimination between residents and non residents...{where's the aloha in that}...and we'll all be struggling more in an already depressed economy. And, it should also be noted that owners who do not leave the State will let their property to visitors on a monthly basis...thus really depriving the State of all GE and TA – or they will just stop renting! Need I repeat it: the Internet is buzzing...the world is listening...and the State of Hawaii seems to be self destructing with these Bills. There is nothing to gain with them – except a negative economy, a negative sentiment ...in a state of un-aloha. This is hurtful.

So, why not just enforce the law that already exists for tax collection? It's easy for the State to find every single vacation rental here...and every other tax-evading person while you are at it living in the State...and do a cross check on the property / Owner for tax filing....and go after those who might be guilty of tax evasion...whether it was willful or not? If any...there will be only a few guilty non-resident property owners...not the majority as the proponents of this sad Bill seems to want to believe solely to justify some means they are individually interested in benefiting from. Please...do not live in denial... this legislation will badly affect you, its proponents too....it will harm us all here...we will all be suffering more - when we should all be doing everything possible to encourage private investment, small business efforts. So, it does not feel right. There seems to be another agenda set up for a select group of property managers who lobby for themselves and have the ear of a few wrong-minded politicians who are failing to serve the interests of ALL the people. The property managers who are not able to make a success for themselves are at the fault of themselves...and

who do not like the competition the Internet has fostered...seem to be the only players who stand everything to gain with this legislation to boost their profits on the backs of innocent, small, property owners. There will be shame befalling those property managers who instigated these Bills. There will be shame befalling those local politicians who supported them. There will be shame on the beautiful State of Hawaii ...a black mark --- people will boycott --- businesses will fail --- properties will sell and foreclose --- tourists will look for alternative destinations where they will NOT be forced to deal with property managers...because **guests overwhelmingly prefer to deal directly with the owners!** This is what is easy to read by the growing voice over the Internet. **And the owners want, need and have a right to control who will be living in their homes...and the right to conduct their businesses** – in the U.S.A. It is believed that it is the failing property managers who are bitter and looking to blame and harm innocent property owners for their own business failures. They have failed themselves by not being skillful, not being efficient, and by grossly over charging for services that they are ill to perform. So what is the real agenda? People have been saying vacation rental strife in the State of Hawaii has been a heated issue *for years*...and that this is nothing new. But, it seems only now it has reached a whole new "low" for the State thanks to authors of these Bills and the self-defeating, self-failing property management agents who can not figure out for themselves how to do good business in "the Internet age" ....they can not figure out how to compete with the self-managed private property owners. The "market" is open...and there is room for success in property management...think of how many people living outside the State need the services of GOOD, EFFICIENT AND AFFORDABLE property managers. But, they are not all good...not all efficient...and definitely not affordable. The owners are saying they feel fleeced by the prices and the poor services. I've never had to deal with a property manager but the Internet is rife with complaints from both owners and visitors to Hawaii. It seems odd that the entire legislature would even entertain such bad Bills to force this service...and penalize respectable contributors to this State. Personally, after having read the Bills, I am in "shock and awe" over how unintelligent these Bills are. It's almost surreal how you, elected officials, do not seem to understand how "undemocratic" they are. This is what is being said. The people are buzzing on the Internet...owners are stating their real experiences – with property management companies that operate with no daily oversight, who do not care, have

no personal investment in the properties thus no "skin in the owners' investment game" ...just put heads in the beds mentality...and therefore have no real concern over who they rent other people's property to. And, you wonder why there are complaints from "residents" about noise and other interruptions?! The problems are many and too common that were experienced by property owners who had to FIRE their property managers simply because of their poor and often mismanagement of their homes, careless cleaning, and even inventory theft. And, visiting guests complain constantly over the bad service of property managers! That is what is easy to research...the facts...the people are talking on the Internet about their real experiences. Research it. It's easy...the Internet makes research easy. **Owners want to self-manage...their guests want the personal service and personal relationship with the owners...and the owners should have the right to invite guests into their homes...to know who they are...to manage the transaction...to be paid directly for the service, to provide for their guests.** *Wouldn't you want to know who is living in your homes, Senators?*

Please be aware: it is not believed, based on the Internet buzzing which is now spreading around the globe, that these Bills are really about "tax evasion" by non-resident property owners. It is believed that there is something more behind it because the State of Hawaii has been poised for a few years to hinder the private vacation rental 'cottage industry" and its economy. People are talking...together...about the State of Hawaii. People are believing that Hawaii is no longer a friendly and democratic State where people have rights and choice...where business can survive. The property managers would rather not compete with successful "Owners"...they'd prefer to "take them over" so they can "shut them down"....and "run them off the islands" it seems...because these Bills would do just that. This is what people are buzzing about. *How short-sighted and unintelligent is a Bill that will hurt private investment? I feel personally pained by these views.* I never wanted to believe those views...and I don't want to believe them still...but I am now finding myself writing testimony to oppose these Bills that actually legislates power...forces private property owners to give up control over who "lives" in their homes...power over small business people...power over private property owners who also love this State so much that they go to lengths to support it. These people

are not getting wealthy off the State of Hawaii...it's actually the other way around. The State needs these property owners to succeed in their small "cottage" industry which only helps Hawaii. **So, I am in pain today**... because people believe that Hawaii has been systematically trying to put the vacation rental industry out of business... first by siding with local resident strife against vacation rentals in communities... second by charging out-of State owners a much higher property tax... and now by taking away those owners' rights to conduct their small businesses that serves the tourist economy of Hawaii... using their own homes... sharing their own piece of Hawaii with much needed and wanted visitors to the State. And, people are now suspecting that this is really about a few jealous individuals who dislike the "outsiders" buying property in Hawaii and doing successful business here. Namely, the fostering of discrimination. People are talking about a Hawaii full of discrimination....and **I am feeling pain from those beliefs.** *I chose Hawaii to be my home because I want to live in an environment that welcomes everyone.* But, that is only one of the "buzzes" that is making it's way around the Internet. This is so hurtful... so painful for me... I love this State. I love the people of this State. **Please stop these Bills. Do the right thing. Represent ALL of the people who contribute to this Great State.** These Bills are bad for the State of Hawaii. Where is the business sense? Where is the common sense? Where is the Aloha?

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Just one HEADLINE in Canada: **Business in Vancouver, Feb 21<sup>st</sup> 2012 - Real estate roundup: Peter Mitham --- Trouble in paradise: investor storm brews over proposed Hawaiian legislation.**

Vancouver investors are speaking out regarding a move by Hawaii's legislature to nix self-management of vacation properties in the state.

Bills before both houses of the state legislature would require investors to contract out management of properties for fees that range between 25% and 45% of property revenues. The bill's ostensible goal is to curb alleged tax evasion, but investors such as North Vancouver real estate agent Terry Gardiner say the proposed legislation would limit investors' freedom to choose how they manage their properties.

Gardiner bought a one-bedroom unit in Honua Kai, a development by Intrawest spinoff Playground Destination Properties Inc. just outside the town of Lahaina on Maui in 2011. Weighing his options between Intrawest's rental program, which would take 45% of his revenue and local options that would charge between 25% and 35%, Gardiner opted to manage the suite

himself. Rentals are arranged through Vacation Rental by Owner, a service operated by Texas-based HomeAway.com Inc. Contractors in Hawaii service the suite for him. Gardiner is licensed as a business in the state and pays his taxes regularly. And he doesn't see why he should have to pay someone else to do everything he's already doing.

"What these laws will do is force me to use a property manager in the state of Hawaii," he said. "I'll have to start budgeting for 35% to 45% to come off the top, which at the time I made this investment decision was not even in the wind."

Bills before the state legislature define "nonresident owners" as any owner "who resides on a different island from the property or out-of-state and who rents or leases the property to a tenant."

A review of the legislation by a state senate committee notes that regardless of the tax implications, the lack of a licensed property management company overseeing suites leaves "guests vulnerable in the case of emergencies or natural disasters."

But Gardiner isn't buying it, especially given efforts by the U.S. Congress to introduce a visa that would allow investors buying \$600,000 or more in real estate to spend more time in the country. Hawaii, by contrast, seems to be discouraging investment.

"Can you imagine if they brought in a bill in Vancouver that said you had to use a realtor and MLS to sell your property, that you couldn't go for sale by owner?" Gardiner asks. "It's ridiculous. This is the same thing."

Many investors in Honua Kai and other Maui vacation spots hail from Vancouver, and Gardiner believes the little-known legislative measure could have a significant impact. He is holding off on further investments in Honua Kai until the state decides what it's going to do.

We lived on Oahu for 25 years before moving to the mainland to be with our children. We are original owners of a condominium in Kihei. I was the first president of the AOA serving for 7 years. Having owned properties on both Oahu and Maui, I am intimately familiar with how the rental market works (rental management companies and Realtors). From my experience, owners who handle the rental of their property themselves generally:

- Maintain it in better condition which increases occupancy and fosters the Aloha spirit with visitors to Hawaii and generates return visits.
- Enjoy better occupancy and therefore pay more GET and TAT to the State of Hawaii.
- Help to maintain and increase the value of each unit in complex by making the purchase of the property more attractive to buyers thereby supporting increased sales prices and property tax valuations.

SB2089 appears to have been drafted to support special interests and seems more punitive (\$1000 fines and revenue reducing to owners due to added fees and commissions) than fiscally productive for the State of Hawaii. If owners who handle the rental of their property themselves have to turn their property over to real estate brokers or sales people or property management companies, the State of Hawaii will lose much needed revenue without any real rationale. This will result from a number of causes: owners turning their units into long term rentals thereby not having to pay TAT; decreased TAT and GET due to lower occupancy as visitors look to other venues for better value as owners are forced to increase rates due to added fees and commissions; and stagnant or lower property values as buyers look elsewhere for a better return on their investments.

There is an old business expression "if it ain't broke don't fix it." SB2089 will not fix anything. Claims that the State of Hawaii is losing millions of dollars in tax revenue is totally without foundation. SB2089 is not equitable to non-resident property owners or beneficial to the State of Hawaii. It is in fact, just the opposite.

Ross & Arlene Jasper

We purchased a small condo in Kihei almost 2 years ago, a lifelong dream of ours. We love our family time on Maui and when we're not using it we rent it out. We employ a management company to handle any emergency situations but we look after everything else ourselves. Because we do most of the work ourselves we're able to keep our rental rates low which in turn allows many people who would otherwise not be able to afford a trip to Hawaii to come here and contribute to the economy. We put our blood sweat and tears into renovating a derelict unit into a beautiful vacation home for all to enjoy. We pay our taxes in full and on time.

If this bill is passed we will be forced to sell our dream and take our tax dollars elsewhere. Many new buyers considering a second home or income property will not purchase one since they will not be permitted to self manage. They will invest in other markets. Increased fees will cause us to have to raise our rental rates and will have a negative impact on tourism, and an adverse effect on owners, resulting in more properties on the market, driving down real estate prices even further.

The existing tax laws need to be enforced. This bill unfairly targets law abiding, tax paying owners and discourages investment in the Hawaiian economy.

I love Maui...I hope we can stay!

Karen Raymond

Calgary, Canada

Dear interested parties in relation to HB 1797 and SB 2089

I am opposed to these bills that are ill advised by property managers who do like competition and wish to retain the very high commission rates that then cause too high of rent, and too low income for property owners. Property managers charge 30% to 50% and have no investment in the properties they manage. Their main interest is filling vacation property with bodies for profit. Talk about greed in America.

I am a single condo owner having purchased in 2000. I originally was a member of a rental group, managed by a property manager that charged me 33%. I had little rent, and much damage done to my property. I do believe I had much more occupancy than I was awarded. Who is watching the realtors and property managers? After five years of frustration and high maintenance costs I decided to go it alone with an agent to look after the property and conduct the cleaning. It was slow at first and I rented less but I got to know my clients and now I am doing much better. I screen my renters, get good people, treat them right, and get great referrals and they come back as repeat guests. I still get new first time guests to Hawaii. I tell you for sure They are extremely excited not to have to stay in a crowded high rise, and they come back.

The best part for me is my rent is much higher and I have almost no damage, I am happy. I do not want some realtor handling my money. I collect GET Taxes and Accommodation taxes and pay my taxes to our government on time.

The good part for the state is now I am collecting more taxes than The manager did so the state of Hawaii is getting a lot more money from my property.

Please do not pass a non needed bill

Don Duwe  
3741L. Honoapiilani Road  
Lahaina, HI. 96761

TO WHOM IT MAY CONCERN:

Many non-resident owners who managing their own rental units through VRBO may be forced to let their unit(s) go if SB2089 passes. This will only cause the condo market to be flooded and the market to drop even further, thus reducing GET/TAT revenues not increasing them. Our condo complex is mainly vacation rentals. Many owners manage their own units though most if not all have an on-island agent for emergencies but the agent doesn't collect rent nor pay taxes. Most if not all have a business license and are required to remit taxes semiannually.

If non-resident owners are not paying the appropriate tax then **enforce** that law not introduce a new discriminatory law.

Diana Reynolds  
Maalaea, Maui

February 25, 2012

Re: SB-2089  
Dear Senators,

I am an owner of two vacation rental units in the state of Hawaii. I am writing to state my opposition to SB-2089 which purports to require non-resident owners of residential units to hire licensed property managers when renting their homes.



This bill is unconstitutionally discriminatory against non-resident property owners. Requiring me to use a licensed property manager, who typically takes 30 to 40% of the rental revenue, would result in reduced tax revenue for the state of Hawaii. I have the requisite Hawaii tax ID numbers and pay the Transient Accommodations and General Excise tax monthly as required. If I am required to only book through a property manager, it will significantly reduce the income that I am able to generate and thus will reduce the amount of taxes that I pay to the state of Hawaii. This lost revenue will be due to the fact that fewer property owners will be able to survive and rent their units as a result of significantly increased expenses due to the property managers. The state of Hawaii stands to lose millions of dollars of Transient Accommodations and General Excise taxes as a result of this bill.

A nearly identical bill, House Bill 1707 has already been deferred in the House in part because of the illegality of that bill. As you can see from the attached letter, SB-2089 has also been deemed illegal by a well recognized Hawaii law firm.

For the above reasons, I respectfully request that SB 2089 not be passed.

Very truly yours,

Helen Cheng  
3800 Wailea Alanui Dr. #210  
Kihei, HI 96753

We are sending this email in **STRONG** opposition to SB2089. We purchased our one bedroom condo last August - remodeled and refurbished the entire unit at great expense - we rented our unit 3 times last Fall - collected and paid every dime of tax to the State of Hawaii - have an on site caretaker and housekeeper - and have turned a run down Bank Repossessed eyesore into a unit to be proud of - we have absolutely **NO NEED** for a Realtor to "mismanage" our private property. This proposed legislation is being promoted by a group of realtors that want their "hands" in everyone's financial pockets that own real estate - they do not give a damn about the care and upkeep of our property and they will rent it to anyone who has money (that is, after they make sure the units they own personally are rented). If this Bill passes, it will force many out of State new property owners just like us to sell our new investment. What is that going to do to an already very weak real estate market? Tell these realtors to concentrate on what they do best - selling real estate. They have no business trying to make more excessive commissions "managing" condos - most of the realtors that we have met are concerned about one thing only and that is their bottom line commissions. They will **NEVER** make one dime of commission off of managing our unit - we will sell it first!  
Please **DO NOT PASS THIS BILL!**

Allan & Caroline Friesen  
Maalaea Yacht Marina  
Maui

Dear Legislature:

I am opposed to **HB2089**. The bill appears to be written in an effort to give Hawaii Real Estate and Property Management companies financial gains and control over vacation

rental pricing and competition. The wording in HB2089 unjustly imposes governmental restrictions on non-resident owners of transient accommodations, strictly for the advantage and economic benefit of a specific targeted commercial industry.

I have purchased several units over the years and pay Hawaii taxes through a private firm who pays, records, documents, and calculates my tax obligations to the State of Hawaii. I have an assigned agent who is available 24 hrs per day and responds to all and any issues regarding my vacation rentals. Our units are popular and are booked months to years in advance because we meet or exceed the needs of each and every one of our traveling guests.

Under this legislation, you are punishing property owners who diligently have complied with the tax and excise laws of this state. It may also force the termination of assigned managers, housekeeping personnel, maintenance personnel and potentially lead owners of transient accommodations into foreclosure.

I would encourage a change or revision to this legislation in a manner which would protect the fundamental rights of both residential and non-residential owners who have complied with the tax laws and who have created jobs for local people as contact managers, housekeepers, and maintenance workers, while at the same time, identify and correct non-complying owners, regardless if they are a resident or non-resident.

I would recommend the following changes in the reading of this bill

- Any **resident or** non-resident owner who rents or offers rental property as a transient accommodation for periods of thirty days or less **who is found in violation of the excise or transient accommodation tax requirements may by a preponderance of facts by the Director of Taxation be directed to** rent or offer to rent property through a real estate broker or salesperson licensed under chapter 467 **for a period of time to be determined by the Director.** Any real estate broker or salesperson authorized under an agreement with a **resident or** nonresident owner to collect rent on behalf of the **resident or** nonresident owner shall be subject to the requirements or section 237-30.5, 237D-6 and 237-8.5.
- Any resident or nonresident owner subject to subsection (a) that does not comply with the requirements of this section shall be notified in writing by the department of taxation of the noncompliance and of the need to take corrective action within seven **business** days of the receipt of notification. If the noncompliance continues for longer than seven **business** days after notifications, the **resident or** nonresident owner shall be fined not more than \$1,000 per day for each day of noncompliance.

- For the purpose of this section:

“Nonresident owner” means an owner of a rental property in the state who resides on a different island from the property or out-of state and who rents or leases property to a tenant.

**“Resident owner” is one who resides on the island to which the rental property is located**

“Rental property” means a residential single-family dwelling, apartment, or townhouse, owned by a resident or nonresident owner.

Section 2 “No change”

Section 3 "No change"  
Section 4 "No change"

Thank you,

John Gablehouse, Owner  
360-629-3503  
[jag1@wavecable.com](mailto:jag1@wavecable.com)

To whom it may concern: I've been renting my vacation rental on Maui (107 Milowai, Maalaea Village, Maui, HI) since the mid-1990s. I do the rentals myself and I pay Bello Realty, Inc. \$50 per rental to manage any problems that should happen to our condo. I want someone who is local to be able to help my guests if there is a problem. My condo is very popular, and every year I pay over \$5000 in HI Excise and Room Tax and another \$3000 in property taxes. The land is owned by some billionaire called Crockett and he will not sell the lease to us even though our condo association has made many generous offers to buy the land. Our condo goes back to the owner in 27 years. Overall, it has been very hard keeping our condo in Maui....the margins are very thin and if you were to force me to use a rental agent, then it would be near impossible to break even. Please don't make this any more complicated than it already is. Prosecute owners who don't pay their taxes, but don't punish everyone else who does an excellent job following law.

Sincerely,

Frank Russo  
Owner, 107 Milowai, Maalaea Village, Maui, HI, USA

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: Yes  
Submitted by: Samuel Levitz  
Organization: Individual  
E-mail: [sailorsaml@gmail.com](mailto:sailorsaml@gmail.com)  
Submitted on: 2/26/2012

Comments:  
OPPOSE SB 2089 Monopoly (STRONGLY OPPOSE)

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: Yes  
Submitted by: Vanessa  
Organization: Individual  
E-mail: [theunfairedge@gmail.com](mailto:theunfairedge@gmail.com)  
Submitted on: 2/26/2012

Comments:

OPPOSE SB 2089 Monopoly

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Nancy Sweatt

Organization: Individual

E-mail: [nsweatt@earthlink.net](mailto:nsweatt@earthlink.net)

Submitted on: 2/26/2012

Comments:

TO: SENATE COMMERCE AND CONSUMER PROTECTION COMMITTEE AND SENATOR CHAIR BAKER

RE: SB 2089

I OPPOSE SB 2089 MONOPOLY.

Please consider the ramifications if this Bill is not stopped. Extensive testimony and letters have set out the hardships not only to owners and everyone working for them, but to the State of Hawaii as well with decreased tax revenue that would result. Instead of more tax funds, the opposite will result with a huge reduction in collected tax funds right along with thousands of lost jobs.

There will also be lawsuits to protect the constitutional rights of non-residents and their homes. The attached letter from Damon, Key, Leong, Kupchak and Hastert sets forth some of the legal basis and unconstitutional issues supporting opposition. The House had a similar Bill (HB1707) already defeated on illegality alone.

Tourism is the core of Hawaii. This is another way of self-destruction. As has been established in many hearings before now, millions will be lost from tourism without vacation rentals; they will go elsewhere to areas that welcome them. Many homeowners will not be able to obtain agents (established by Rico) RESULTING IN THE LOSS OF MULTI-MILLIONS to the State of Hawaii.

Please do not lose sight of the fact that this was instituted by 5 real estate companies (4 from the Big Island and one from Maui) to put more money in their pockets, raping the homeowners of profits...this was not formulated to bring tax funds to the State of Hawaii, which it would not which has been explained in numerous correspondence.

This Bill discriminates against owners who live off island and violates several existing Hawaii laws with no supporting factual basis. Such laws are unnecessary as there are already several laws requiring the payment of taxes. It was initiated by a few agents to monopolize the industry. Though many would not be able to hire such agents, the remainder would be forced to raise their rates beyond affordability of the families that try to come to Hawaii the only way they

can. Why? Just to cover the 40-50% fees these agents want for themselves and tourists...Not for the State of Hawaii.

Owners already pay GE and TAT taxes on any income, and pay a good deal of money for their homes to be maintained, personally managed and cleaned in continual good order. Families from all over the world depend on these vacation rentals as they do in all their destinations. These real estate companies are not desirable as they do not screen the tenants, don't care how many people they cram into the homes or parking and do not care about the home or the neighbors. The owners are the best people to rent and manage their homes...they do care about their homes and the neighbors, and they do pay their taxes.

Mahalo,

N. Sweatt, Oahu

Attachment: Corresp. From Attorneys

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Tara Sweatt  
Organization: Individual  
E-mail: [tarasweet@earthlink.net](mailto:tarasweet@earthlink.net)  
Submitted on: 2/26/2012

Comments:

TO: SENATE COMMERCE AND CONSUMER PROTECTION COMMITTEE AND SENATOR CHAIR  
BAKER

RE: SB 2089

I OPPOSE SB 2089 MONOPOLY.

This Bill was initiated by four Big Island real estate companies and one from Maui for the sole purpose of monopolizing the market and putting more money in THEIR pockets, not the State. It was then joined by familiar names from a small Kailua, Oahu, group whose sole purpose is to ban vacation rentals. The State needs instead to proceed with permit and regulation processes for all the islands. Currently, Hawaii, Maui, and Oahu still have no procedure for permitting.

This is a backdoor attack which will result in a huge loss of rentals entirely, not to speak of the loss in tourism...all for selfish purposes of a few trying to force payment of 40-50% of the rental income to themselves, not the State. The State will lose tens of millions of dollars in GE/TA taxes.

Here are reasons owners do not use these big agencies to manage their homes:

- Agencies are too big to give personal attention to any home. What results is little screening of tenants with too many people being booked into the homes and large events. The type of tenants is not monitored, and they care little about the homes and neighbors. THE BEST PEOPLE TO MANAGE THEIR HOMES ARE THE OWNERS WHO DO CARE.

- Agencies charge anywhere from 40% to 50% of the income. This will cause higher rents and less rentals as it becomes unaffordable for the families that come to these homes, and again less for the State. These homes allow an affordable way for many families to come to the islands.

There is no evidence of any difference between owners from the mainland and those residing here in paying their taxes which they do. Mainland owners must have local contacts for tenants and neighbors, as well as maintaining and attending to the homes, and they do pay their taxes as the Audit performed showed. This is straight up unnecessary discrimination promoted for purely selfish and personal gain. It is unconstitutional and has already been defeated in the House in their HS 1707 based on illegality alone. (Letter of Attorneys attached.)

Please redirect your efforts towards a process for the islands to permit and regulate the vacation rentals before embarking on destruction of the vacation rental industry so important to the tourism of the islands.

Mahalo, Tara Sweatt, Oahu

Attachment: Attorneys Legal Summary

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Andy Iuliano  
Organization: Individual  
E-mail: [andyiuliano@gmail.com](mailto:andyiuliano@gmail.com)  
Submitted on: 2/26/2012

Comments:

TO: SENATE COMMERCE AND CONSUMER PROTECTION COMMITTEE AND SENATOR CHAIR BAKER

RE: SB 2089

I OPPOSE SB 2089 MONOPOLY.

This Bill is supposedly based on an attempt to gain more funds for the State of Hawaii, a false face. In reality, it is solely to force more money into real estate agencies. At the same time, it will also close many vacation rentals on the islands...not because homeowners don't pay their taxes (which has been shown they do by prior State audit). Thousands of jobs will be lost along with vacation rentals. All this amounts to extensive loss of tax funds for the State..millions.

Maui, Oahu and the Big Island have no way of permitting short term rentals which should be the first focus. Without that, agents are not able to rent these homes without fines., This is self-destruction of tourism once again by the State of Hawaii.

The Bill discriminates against owners living off island and violates several existing laws. Another law is unnecessary as there are already many laws requiring the payment of taxes. This Bill runs afoul of existing laws, discriminates, is illegal and unconstitutional, not to speak of the lawsuits that will ensue.

This Bill was initiated by a few real estate companies, mostly from the Big Island, solely to hopefully force more money into a few real estate agencies creating a monopoly and thwarting free enterprise.

The idea that owners are not paying their TA and GE taxes is an old and baseless argument. The fact is an audit was already performed and they found that the majority were in fact paying their taxes. There is no evidence separating homeowners that are not residents from those that are. This is a further assault on homeowners with no factual basis for the discrimination which will result in many going underground, banned, or increased rates to cover ridiculous fees of 40-50%. Many would not be able to hire these agencies who do a very poor job of managing homes for owners and neighbors...they really don't care how many or who they stuff into homes. This will destroy the vacation home industry and the millions of tourism dollars they bring leaving so many families from all over the world with nowhere to go that is affordable.

Further, the House Bill equivalent has already been (HB1707 ) has already been defeated based on its illegality and unconstitutional. Attorneys legal summary is attached on this issue.

Mahalo,

Andy Iuliano, Oahu

Attachment: Attorneys Legal Summary

Annette Andkaer – individual resident of Hawaii.

South Kohala – Hawaii Island

**Opposed** to SB 2089 & HB 1706

February 25, 2012.

Aloha Senators. It is always an honor to have the opportunity to freely express oneself to the Legislature...an honor no one should ever take for granted. I am proud to be a resident of Hawaii and to have this honor.

In my opinion, this great and wonderful State Of Hawaii is in trouble. In my opinion, it is ill from within...it seems to be on a path of self destruction with SB 2089 and HB 1706. And, what is it, really, that is negatively impacting Hawaii's economy? First, let's be real: There is no way that the majority of non-resident private property owners in the State of Hawaii would take a risk to their livelihoods and leave themselves vulnerable and open to criminal charges by NOT paying their GE and TAT tax. Further, to even imply that non-resident property owners are detrimental to the local economy is ill founded and rooted in nothing more than a *mean-spirit by a group* in the State that can not succeed themselves because of their own failures...namely that group seems to be the *property managers and realtors* who seem to be the one group behind these Bills spreading misinformation behind the backs of the very people who have been supporting this State for many years...the private property owners + their visiting guests. That is what it looks like among the many eyes and ears that are *watching and listening ...around the country and internationally...the PRESS is catching up* on this "story". The fact is: **non-resident private property owners EACH invest thousands upon thousands of dollars every year in the State of Hawaii.** Often they buy 'depressed' properties...places that have not been well taken care of by *previous resident owners*, and/or by *property management companies*!! They renovate their properties. They increase the values for not only those individual properties, but the complexes and the neighborhoods in which they are. Those property owners inject hard cash into the local economy through real estate purchases, buying furniture, appliances, landscaping services, products, cleaning services, car rental services, limos {weddings}, major appliances, carpenters, electricians, plumbers, electric utility, water utility, cable services, phone services, house painters, trash removers, local small businesses, hardware, lumber, remodeling services, food, restaurants, and the like. Every single aspect of business in the State of Hawaii is POSITIVELY impacted by the existence of non-resident property owners in tandem with all other property owners who are residents of the State who also invest in real estate. And, so now there seems to be a hand full of property managers and a handful of State Legislators seeking to



accuse these private "very small business" property owners of crimes with no evidence...no proof.....and they want to punish the owners. To the world, this is unethical, unjust, misguided and immoral. To me, I have to believe that this is a gross misunderstanding of the reality...and it's a misguided attempt – most probably a sincere attempt on the part of a few elected officials – to “help a special interest group”....not to collect “GE/TAT” from “outsiders”. These investors are not outsiders...and should never –ever- be categorized as such. They belong here as much as anyone does...or Hawaii has to STOP selling real estate to anyone outside the State....a ridiculous idea in itself...and unconstitutional. The Internet is buzzing over these two Bills...and we should all care. People are organizing. Why are you allowing an injustice to prevail in this great State **that people love to support!** Where is the fairness? Where is the justice? Where is the business sense? Where is the common sense? Where is the Aloha?

**Taxes:** It is believed ...and being discussed on the Internet that there is no way that the State stands to collect \$35 -\$55 million in tax revenue. In fact, much to the contrary, it is believed the State will lose a sizable chunk of revenue if these Bills pass. Many property owners will simply leave the state or even foreclose. Many others who are considering buying property in Hawaii will STOP if they see that their rights to self manage will be taken from them. Many visitors will STOP coming to Hawaii – if they are forced to expensive hotels and resorts. Now, that is a very sizeable number of travelers that will go elsewhere....both to relax on vacation...and to invest in properties. Hawaii will quickly become known for it's *un-Aloha* to property investors and small business owners. I am a resident and this is what I fear. **But, why don't you fear it?**

There is known testimony of Hawaiian House Committee On Finance from their deliberations regarding Transient Tax from the Bill SB 750 SD 3 HD 1 dated April 2007. The property owners are digging around for information, being forced to research to find evidence that supports their position, it's being spread around. Earlier copies of Bills are being emailed to each other...posted on Internet forums...and the PRESS is starting to wake up. It is being discussed on the Internet that in the testimony from 1 April, 2007, it details an audit conducted by The HTA of both bed and breakfast and condo vacation rentals and **they found a high compliance** for **people remitting their GET and**

TAT. Their recommendation strongly opposed Bill SB 750. They also found that many of the proponents of the Bill were not as concerned with Tax collection as they were with illegal rentals. If you re-review the testimony of some of the County planning departments for HB 1707 they echo the sentiments of those that testified in 2007. So...this Bill does not seem to be really about unpaid taxes...and this is what is buzzing on the Internet. So, what is it about?

Frankly, it is believed by the majority of those who are "catching on to this story" that HB 1707 & SB 750 directly attacks the private property owners' rights. In short, if passed, it will force private property owners to buy a service they may not want...or need...under threat of the Hawaii State of penalty, i.e. \$1000 per day for every day of non compliance. So, we're trying to comprehend the mindset of the Bills' proponents: People invest in a State they love...a State they promote visitation to...and a State they aspire to one day live in...and *you threaten them?* Many people around the country are familiar with this concept. It is a troubling development which is bound to end up being as controversial and divisive as another mandate we are all familiar with in the USA. Whether one agrees with it or not...the fact is it created an avalanche of controversy and divisiveness in the country as a whole.

That other "mandate" is a bill already passed...actually pushed through Congress in Washington, whereby citizens will be forced to purchase a product / service that they may not want or need. That Bill has landed on the table of the Supreme Court in Washington ...at the behest of 27 US States suing the Federal Government for forcing citizens, again, to buy a service and product.... under threat of penalty {\$ thousands of dollars} by the Federal Government for every year of non-compliance. Why would the State of Hawaii take a similar path? Why would the State of Hawaii not be concerned over the gross negative impact the Bill would have on not only the economy but the view of the world's eyes upon it? This seems self destructive...reckless. I am very sad for us here in Hawaii. I love my State. And, people have already begun to compare Hawaii to Cuba. When I heard that...I felt sick. My heart sinks. I love this State and everything it always stood for. I chose it as my home...and I am in pain over the things that people are thinking and openly discussing about the

State of Hawaii because of these Bills. Where is the business sense? Where is the common sense?  
Where is the Aloha?

If these Bills in Hawaii are forced through and approved, I fear, too, they will force a long, expensive and difficult legal action against the State... an appeal will be lodged...perhaps even a class action lawsuit by people from near, far and wide. The PRESS will create an earthquake of headlines and articles against this beautiful and great State of Hawaii like we've never felt. Where is the business sense in all of this? Where is the common sense? Where is the Aloha? There are thousands of property owners – both in State and out of State – even internationally – investing in this wonderful State of Hawaii...bless them for doing this instead of punishing them. Their investments and promotional efforts support thousands of other local business people in the State who are directly benefiting from the outside investments into properties, the flow of goods and services purchased here in the State not only by these property owners but also through the visitation of tourists who enjoy these private –owner accommodations...as an affordable alternative to the expensive hotels. Why are you not “raising this profile”...why are you not “awarding” these small property investors for their individual self reliance, their individual support to the State of Hawaii ...you know ...you know very well that these owners are needed here, now more than ever. Why not be a more pragmatic decision-making body...to incentivize private property owners in their pursuits of promoting Hawaii... instead of focusing on the narrow-minded negative sentiment from a special interest “group”. The economy is hurting. People have less money to spend on vacations on the whole. Those who are the hardest pressed economically will seek the most affordable for them...so they do not have to entirely forfeit their Hawaii vacations. Let's be honest: a lot of people can not afford the hotel rates. I know that I can not...and most of my friends and family can not either. But, when they visit, they want to stay in an owner-managed private property! That is a fact. A lot of people do not want to stay in hotels...and they do not want to be involved with the property managers and property agents . The people need alternatives...the State of Hawaii needs the people to come. Tourism will be hit hard as our State's guests, looking for the more affordable lodging choices that are owner-managed...will stop choosing Hawaii as their destination...and instead head to the many other warm, tropical

destinations that are even cheaper to fly to, where they will have a wider, more affordable choice of accommodations. I know that the Internet is buzzing already among people who loved to travel to Hawaii...who love to live in Hawaii...and who will turn against Hawaii in a nano second if such discrimination is lodged against the very people that have supported Hawaii economically. Boycotts are being hinted at already. There are less expensive and easier destinations to reach than Hawaii. And, if the Bill passes, thousands, perhaps hundreds of thousands, of people would contribute to a fund to support a class action lawsuit – against the State of Hawaii for its discrimination, its unfair business practice, its stripping of personal investor's property rights. I would hate this to happen to us, here. I am in pain over what people are saying about Hawaii now. Please understand: what is so disturbing is that not even an investigation was carried out...no fact finding when it is easy for the State to "find the facts". There does not seem to be even basic research into your allegations...in fact, your Bills inaccuracies fly in the face of previous audits done (2007). I read your Bills and there was no evidence presented...just assumptions...just accusations...seemingly based on "rumor". It is said, on the Internet, to be motivated by certain resident ill feelings, bitterness, and even jealousy by some local property managers who have not the skill set to make a success for themselves in the Age Of The Internet...so instead they lodge an attack and create false evidence...*actually* no evidence against another group...one that is vulnerable outside the State with no possibility to VOTE in the State in which they invested heavily. This is what is being said...this is what it looks like from outside the walls of Hawaii State's Legislature. This is what is buzzing in the real world. This Bill is said to be aimed at the State securing GE and TAT from non-resident owners.....but it does not appear that there is any evidence that non-resident owners living outside the State are not paying their GE and TAT ! **This entire initiative seems Kafkaesque** ...a panel of people levies an accusation, a threat and verdict {pending} upon people who had no hard evidence against them...no trial...and those owners have not even the right to vote in the State in which they invested their personal capital so heavily. To the world, this is shocking ...and it's hard to be proud of the State of Hawaii, over this. The politicians who support these ill founded Bills look misguided in the least, but they also look dishonest at the worst...so please pay attention to what this seems like in the wider world. This is hurtful. I am hurt. I live in Hawaii. I love Hawaii. It is a great State with great people...people of a

great history and tradition and a beautiful culture. Who has generated these ugly Bills? All Owners living outside and inside the State, and others who benefit in the State of Hawaii via the injection of monies into the local economy through the owners' investments will lose...and this beautiful State will lose. **This wonderful State should be a MODEL for the rest of the country...as a private investment and business-friendly environment – for ALL.** This State is in deep trouble and it's not because of non-compliance of tax laws by non-resident property owners! **You know this already.** So, what's really behind this? It will likely happen that someone will start an investigation into what is behind these Bills...who is it really that will gain? This is already being suggested on at least one Internet forum. It seems very suspicious to many because there are already measures in place to ensure the collection of taxes...and it is not difficult to identify the non-compliers...so why not do that...and while you are looking at the out-of-State property owners, don't overlook the many local "residents of Hawaii" who live "off the radar" here, quite willfully...avoiding paying any and all taxes...passing cash to each other for services performed...trading goods & services ...filing no claims! Why don't you audit those people? The results of such Bills will be devastatingly far-reaching, indeed...in not only the response from the "world" community as to the *unfriendly* State of Hawaii to business and to property ownership via the world PRESS, it will most probably be a long-term detriment to the local economies of the State, it will force the sale and even in many instances the foreclosure of properties, perhaps even drive people "underground" with the management of rentals, it will insight and fan the flames of discrimination between residents and non residents...{where's the aloha in that}...and we'll all be struggling more in an already depressed economy. And, it should also be noted that owners who do not leave the State will let their property to visitors on a monthly basis...thus really depriving the State of all GE and TA – or they will just stop renting! Need I repeat it: the Internet is buzzing...the world is listening...and the State of Hawaii seems to be self destructing with these Bills. There is nothing to gain with them – except a negative economy, a negative sentiment ...in a state of un-aloa. This is hurtful.

So, why not just enforce the law that already exists for tax collection? It's easy for the State to find every single vacation rental here...and every other tax-evading person while you are at it living in the

State...and do a cross check on the property / Owner for tax filing....and go after those who might be guilty of tax evasion...whether it was willful or not? If any...there will be only a few guilty non-resident property owners...**not the majority as the proponents of this sad Bill seems to want to believe solely to justify some means they are individually interested in benefiting from.** Please...do not live in denial.... this legislation will badly affect you, its proponents too....it will harm us all here...we will all be suffering more - when we should all be doing everything possible to encourage private investment, small business efforts. So, it does not feel right. There seems to be another agenda set up for a select group of property managers who lobby for themselves and have the ear of a few wrong-minded politicians who are failing to serve the interests of ALL the people. The property managers who are not able to make a success for themselves are at the fault of themselves...and who do not like the competition the Internet has fostered...seem to be the only players who stand everything to gain with this legislation to boost their profits on the backs of innocent, small, property owners. There will be shame befalling those property managers who instigated these Bills. There will be shame befalling those local politicians who supported them. There will be shame on the beautiful State of Hawaii ...a black mark --- people will boycott --- businesses will fail --- properties will sell and foreclose --- tourists will look for alternative destinations where they will NOT be forced to deal with property managers....because **guests overwhelmingly prefer to deal directly with the owners!** This is what is easy to read by the growing voice over the Internet. **And the owners want, need and have a right to control who will be living in their homes...and the right to conduct their businesses** – in the U.S.A. It is believed that it is the failing property managers who are bitter and looking to blame and harm innocent property owners for their own business failures. They have failed themselves by not being skillful, not being efficient, and by grossly over charging for services that they are ill to perform. So what is the real agenda? People have been saying vacation rental strife in the State of Hawaii has been a heated issue *for years*...and that this is nothing new. But, it seems only now it has reached a whole new "low" for the State thanks to authors of these Bills and the self-defeating, self-failing property management agents who can not figure out for themselves how to do good business in "the Internet age" ....they can not figure out how to compete with the self-managed private property owners. The "market" is open...and there is room for success in property

management...think of how many people living outside the State need the services of GOOD, EFFICIENT AND AFFORDABLE property managers. But, they are not all good...not all efficient...and definitely not affordable. The owners are saying they feel fleeced by the prices and the poor services. I've never had to deal with a property manager but the Internet is rife with complaints from both owners and visitors to Hawaii. It seems odd that the entire legislature would even entertain such bad Bills to force this service...and penalize respectable contributors to this State. Personally, after having read the Bills, I am in "shock and awe" over how unintelligent these Bills are. It's almost surreal how you, elected officials, do not seem to understand how "undemocratic" they are. This is what is being said. The people are buzzing on the Internet...owners are stating their real experiences – with property management companies that operate with no daily oversight, who do not care, have no personal investment in the properties thus no "skin in the owners' investment game" ...just put heads in the beds mentality...and therefore have no real concern over who they rent other people's property to. And, you wonder why there are complaints from "residents" about noise and other interruptions?! The problems are many and too common that were experienced by property owners who had to FIRE their property managers simply because of their poor and often mismanagement of their homes, careless cleaning, and even inventory theft. And, visiting guests complain constantly over the bad service of property managers! That is what is easy to research...the facts...the people are talking on the Internet about their real experiences. Research it. It's easy....the Internet makes research easy. **Owners want to self-manage...their guests want the personal service and personal relationship with the owners...and the owners should have the right to invite guests into their homes...to know who they are...to manage the transaction...to be paid directly for the service, to provide for their guests.** *Wouldn't you want to know who is living in your homes, Senators?*

Please be aware: it is not believed, based on the Internet buzzing which is now spreading around the globe, that these Bills are really about "tax evasion" by non-resident property owners. It is believed that there is something more behind it because the State of Hawaii has been poised for a few years to hinder the private vacation rental 'cottage industry' and its economy. People are

talking...together...about the State of Hawaii. People are believing that Hawaii is no longer a friendly and democratic State where people have rights and choice...where business can survive. The property managers would rather not compete with successful "Owners"...they'd prefer to "take them over" so they can "shut them down"...and "run them off the islands" it seems...because these Bills would do just that. This is what people are buzzing about. *How short-sighted and unintelligent is a Bill that will hurt private investment? I feel personally pained by these views.* I never wanted to believe those views...and I don't want to believe them still...but I am now finding myself writing testimony to oppose these Bills that actually legislates power...forces private property owners to give up control over who "lives" in their homes...power over small business people...power over private property owners who also love this State so much that they go to lengths to support it. These people are not getting wealthy off the State of Hawaii...it's actually the other way around. The State needs these property owners to succeed in their small "cottage" industry which only helps Hawaii. **So, I am in pain today**...because people believe that Hawaii has been systematically trying to put the vacation rental industry out of business...first by siding with local resident strife against vacation rentals in communities...second by charging out-of State owners a much higher property tax...and now by taking away those owners' rights to conduct their small businesses that serves the tourist economy of Hawaii...using their own homes...sharing their own piece of Hawaii with much needed and wanted visitors to the State. And, people are now suspecting that this is really about a few jealous individuals who dislike the "outsiders" buying property in Hawaii and doing successful business here. Namely, the fostering of discrimination. People are talking about a Hawaii full of discrimination....and **I am feeling pain from those beliefs.** *I chose Hawaii to be my home because I want to live in an environment that welcomes everyone.* But, that is only one of the "buzzes" that is making it's way around the Internet. This is so hurtful...so painful for me...I love this State. I love the people of this State. **Please stop these Bills. Do the right thing. Represent ALL of the people who contribute to this Great State.** These Bills are bad for the State of Hawaii. Where is the business sense? Where is the common sense? Where is the Aloha?

Mahalo and Aloha to you all.



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This is just the beginning. Just one HEADLINE in Canada: **Business in Vancouver, Feb 21<sup>st</sup> 2012 - Real estate roundup: Peter Mitham --- Trouble in paradise: investor storm brews over proposed Hawaiian legislation.**

Vancouver investors are speaking out regarding a move by Hawaii's legislature to nix self-management of vacation properties in the state.

Bills before both houses of the state legislature would require investors to contract out management of properties for fees that range between 25% and 45% of property revenues. The bill's ostensible goal is to curb alleged tax evasion, but investors such as North Vancouver real estate agent Terry Gardiner say the proposed legislation would limit investors' freedom to choose how they manage their properties.

Gardiner bought a one-bedroom unit in Honua Kai, a development by Intrawest spinoff Playground Destination Properties Inc. just outside the town of Lahaina on Maui in 2011. Weighing his options between Intrawest's rental program, which would take 45% of his revenue and local options that would charge between 25% and 35%, Gardiner opted to manage the suite himself. Rentals are arranged through Vacation Rental by Owner, a service operated by Texas-based HomeAway.com Inc. Contractors in Hawaii service the suite for him. Gardiner is licensed as a business in the state and pays his taxes regularly. And he doesn't see why he should have to pay someone else to do everything he's already doing.

"What these laws will do is force me to use a property manager in the state of Hawaii," he said. "I'll have to start budgeting for 35% to 45% to come off the top, which at the time I made this investment decision was not even in the wind."

Bills before the state legislature define "nonresident owners" as any owner "who resides on a different island from the property or out-of-state and who rents or leases the property to a tenant."

A review of the legislation by a state senate committee notes that regardless of the tax implications, the lack of a licensed property management company overseeing suites leaves "guests vulnerable in the case of emergencies or natural disasters."

But Gardiner isn't buying it, especially given efforts by the U.S. Congress to introduce a visa that would allow investors buying \$600,000 or more in real estate to spend more time in the country. Hawaii, by contrast, seems to be discouraging investment.

"Can you imagine if they brought in a bill in Vancouver that said you had to use a realtor and MLS to sell your property, that you couldn't go for sale by owner?" Gardiner asks. "It's ridiculous. This is the same thing."

Many investors in Honua Kai and other Maui vacation spots hail from Vancouver, and Gardiner believes the little-known legislative measure could have a significant impact. He is holding off on further investments in Honua Kai until the state decides what it's going to do.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Kenneth Green  
Organization: Individual  
E-mail: [mahana1012@yahoo.com](mailto:mahana1012@yahoo.com)  
Submitted on: 2/26/2012

Comments:

Dear Sir or Madam,

As the retired owner of a condo in maui who used to rent through an agent and ultimately decided to rent it myself I want to express my opposition to SB 2089. My EHawaiiGov filing ID is 2348694 and my Hawaii Tax ID#: W30049908-01. I have always paid my TAT and GET taxes.

When we first bought our condo I rented through and agent and paid 40% commission to the realtor. I now pay about \$30.00 per month to list on VRBO and Flipkey each. I agree that there are uncollected TAT and GET taxes however penalizing the many who are law abiding citizens to remedy the problem is not appropriate. Require all internet advertisements post their Tax ID numbers. That will give the state the ability to verify all tax revenue from all owners.

I believe that if this measure passed there will be a ripple effect on the property tax revenue. I will have to sell our condo. I am not alone. There will be an influx of new listings on the market and prices will drop. The potential buyers will not see the same value in the properties because they will have to pay realtors for all rentals. There will be those who will be under water and they will default or be forced into a short sale. The values and thus the assessed property values will drop.

The estimates that I have heard are that there are 10,000 Hawaiian properties rented on VRBO and other web sites. I am sure that the realtors who are salivating at the prospect of increased income will not have the resources to handle the new customers and the owners and the State will suffer because the rental income will drop significantly.

Please do not inflict this unfair financial burden on my family and other law abiding citizens who choose to rent directly. Punish the cheaters, not the law abiding citizens!

Mahalo;  
Kenneth Green

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No

Submitted by: Susan Keithahn  
Organization: Individual  
E-mail: [suekeithahn@aol.com](mailto:suekeithahn@aol.com)  
Submitted on: 2/26/2012

Comments:

As owners of Maui vacation rentals for 25 years, we strongly OPPOSE SB2089 as it will potentially disrupt the entire economy of Hawaii for the benefit of a few rental agents and property managers, and will not be effective in solving a tax collection issue that no one can even confirm exists to any great extent.

1) The state gets millions of dollars worth of free advertising through the thousands of listings on VRBO and similar sites, and through owners' person websites. The Internet is currently the vacation planner of choice and if unable to find direct-by-owner vacation rental listings for Hawaii, vacationers will be attracted to other tropical locations, causing declining tourism to Hawaii. Not only will TAT and GET taxes paid for the rentals decrease, but the entire economy of Hawaii that depends on tourism will be greatly impacted.

2) The arguments from those who have much to gain personally from this bill, are based on speculation. There is no proof that a large number of owners are not paying their taxes, in fact, the states tax department study in 2007 said just the opposite. Why not find ways to enforce the laws you have rather than treat those who obey them like criminals and, in the process, cost the state of Hawaii far more in lost revenues than they could ever hope to gain?

3) Many owners depend on the income from our condo rentals. When we were with an agent, our occupancy was half of what we now get on our own, and we were paying the agent 40% off of the top of that. Very few owners can afford to take the 60%-70% drop in income that would occur if forced to use a rental agent. Owners will sell to invest in vacation rentals in another location, flooding the market with more foreclosures and condos for sale. Condos will no longer be an attractive investment, reducing property values and property tax proceeds along with them.

Thank you for your consideration.  
Sue and Jim Keithahn  
Lahaina, HI and Forest Lake, Mn

Regarding SB2089

RELATING TO TRANSIENT ACCOMMODATIONS.

Requires any nonresident owner who operates a transient accommodation located in the nonresident owner's private residence, including an apartment, unit, or townhouse, to employ a property manager approved by the real estate commission.

As the resident owner of a bed and breakfast as well as a vacation rental condo, I strongly oppose such legislation.

As far as I can see, there is no value at all in the proposed legislation except to realtors. To so severely limit the freedom of property owners to travel or live elsewhere without a 25-30% penalty is absurd and absolutely antithetical to the most important of American values: Freedom.

Please do no further damage to the public perception of government. We do need government, but not when it interferes pointlessly in our personal affairs.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: deborah mader  
Organization: Individual  
E-mail: [orchid6128@aol.com](mailto:orchid6128@aol.com)  
Submitted on: 2/26/2012

Comments:

I oppose bill sb2089. My family recently moved to Hawaii, including my 2 young children (age 9 months and 3 years) to manage our vacation rental condos (we own 2). I registered with the state, pay taxes on all the rental income (including TE and GA), am properly insured, and feel I do my part to share aloha while promoting travel and tourism here in Maui. I do not think it is fair to be forced to use a real estate firm, or "approved" property manager (who charge anywhere from 25% and higher) to do something I have been doing for the past 2 years. My family depends on our rental income and cannot afford to pay an outside company 25% of our fees. Living here in Maui I notice a HUGE difference in quality control of the units owned by individual owners vs property management companies. Those units rented by owners tend to have more peaceful, law abiding guests. The units run by vacation/property rental companies often have guests that destroy property, are loud, break rules/law, and do not care as much about the environment in which they are staying. This is another instance where the "mom and pops" way of doing things should be protected and not outsourced to the big "box stores" of vacation/property management companies.

Passing this law would not be fair to those of us that purchased condos prior to being FORCED to use some management group to rent our approved vacation property. When looking to buy a condo I take into account it's potential rental income (with me managing the unit), and I certainly did not include giving 25% away to someone else, or I would have NEVER bought the 2 units that we own. When the economy was down we took a chance and bought here in Maui. I would be very upset

to see that investment taken away by someone who cannot do my job better than I yet charges a lot of money for it.

Please do not pass bill sb2089. It does not describe the "approval" process for becoming an approved property manager by the real estate commission. Who is eligible to become a property manager? What would the process of becoming approved entail and with what costs to the homeowner? How long would that process take? Who on the real estate commission would make that determination? Is it only licensed real estate agents who would be eligible?

This bill needs much more thought, deliberation, and amendments before being considered even 50% fair to property owners.

Thank you

Deborah Mader

## Gail Baker

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Aloha Senators,

I am writing to extend my thoughts from the taxes to the kind of rentals that many of us have experienced with the management companies. I have stayed in places when I have rented from management companies that are absolutely outdated and terrible. The off island homeowners have pride in their rentals and for the most part take care of them and keep them updated in order to keep renting them with positive feedback. They care about their second home whereas a management company could care less. Pat Sullivan posted a comment referring to the passage of the bill and was gloating about all the \$\$\$ they would make from this bill. Please see the quote from one of their renters that I have copied from Trip Advisor. There is certainly no guarantee that putting these rentals in a managements control will make a tourists enjoyment better nor will it insure that the taxes will be paid by them.

Gail Baker

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Michael Hurst

Organization: Individual

E-mail: [mikehurst7@gmail.com](mailto:mikehurst7@gmail.com)

Submitted on: 2/26/2012

Comments:

Honorable Committee Members,

SB 2809 is an absolute travesty and should not be passed for more reasons than can possibly be listed here. You should already have reams of logical objections from the many dozens other testimony e-mails to both chambers of the Hawaii

legislature. The problems start with an unconstitutional bill and just go down hill from there.

There was really nothing new for me to add until I thought of an interesting analogy that might help you understand the unfairness and magnitude of economic destruction that will result from SB 2809. Here's the quick story...

The U.S. congress needs more tax revenues to balance a budget over a trillion dollars a year in debt. An easily agreeable approach is to collect from those not paying/defrauding the IRS. It's no doubt a fact that there are some people in Hawaii cheating and not paying federal taxes. (like every other state...)

But Washington DC decides that Hawaii is different because it's a long way from the mainland and is just too hard to manage. So someone in DC decides that Hawaiians can't be trusted to collect and pay their taxes. So a law is passed that requires EVERY taxpayer in ONLY Hawaii to have a mainland CPA collect all their incomes directly, make many management decisions for the individuals (kind of like a Hawaii realtor...) and pay federal taxes directly to the IRS. Oh, and the CPA takes about 40% right off the top of every Hawaiian's income.

What a great system for collecting taxes! Remove individual citizens from decision making, make the CPA and financial services industry filthy rich with their new found monopoly. Of course, most of the Hawaiians (like anyone else with such costs...) are bankrupted due to the new 40% of gross income costs.

This is exactly what SB 2809 does. It is not right.

And finally, we don't even pay TAT and GET taxes. We charge our guest and pass EVERY dollar through to the State of Hawaii. Go after the tax cheats. Please don't destroy all of the honest small business owners along the way with SB 2809.

Most Sincerely,

Mike Hurst  
Papakea Maui Unit K-401

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Ellen Ernisse  
Organization: Individual  
E-mail: [peaceandaloha@hotmail.com](mailto:peaceandaloha@hotmail.com)  
Submitted on: 2/26/2012

Comments:

Aloha Senators,

As Hawaii residents on the Island of Maui and the owners of two condominiums since 1998, which we now rent on VRBO, we are opposed to SB2089. We rented them in the rental pool and were charged 40-60% of the rental income for their management of our units. We now have a slight profit. They have been on the

market for 2 years but have not sold. If this bill is past, Hawaii will not have additional taxes, but less. There are already laws in place to regulate the payment of taxes. It is also easy to find out who is paying taxes and who is not! We also heard that an audit was recently completed and most owners are paying their taxes. Most reputable real estate agents do not want to be involved in this. This opens up another opportunity to interfere with small businesses on Maui. Actually closing down another business so that individuals have a way of making a living from their investment in property in Hawaii.

We also believe that it is unconstitutional as well, both for the State and the Federal US Government.

Thank you for the opportunity to testify.

We hope that you will vote against SB2089 and any other bill against independent rental of transient accommodations.

Ellen and David Ernisse  
Lahaina, HI 96761

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Rebecca Robson

Organization: Individual

E-mail: [becky.robson@gmail.com](mailto:becky.robson@gmail.com)

Submitted on: 2/27/2012

Comments:

As a non resident owner of a single vacation rental I oppose this bill. I collect and pay all taxes from those who rent from me. Why am I being punished? In 2011 my expense exceeded the income that I took in from my rental. Now you want to add more expense by forcing me to go through a management company; to do what I am capable of doing my self. This is an expense that I can not afford. I can not pass this expense on to those who rent from me. As it is right now, I am only able to rent my property 50% of the time. Passage of this bill will probably force me to have to sell or possibly face foreclosure of my property. I feel this bill will place an undo hardship on me as a honest law abiding citizen. It will also discriminate against me because I don't live full time on the island. This bill will do more harm to an already fragile Real Estate market that is just now starting to see some improvement. Surely, there are better ways to go after those who are not paying their taxes instead of punishing those of us who do. Please do not pass this legislation!! Please allow me to keep my property and continue to rent it out and pay my taxes.

There needs to be more data collected determining how much tax revenue the State of Hawaii is losing. Currently there is no data. I would also suggest that you take a look at the reviews of small business non-resident owners on Internet sites such as Trip Advisor and compare them with review of property managers listing vacation rentals in Hawaii. Reviews from tourist that come to Hawaii that use services similar to the what I provide are much more satisfied with the product they receive than those who use property managers. I am able to provide more personal service and my reviews are so much better (4s & 5s) compared

to the marginal review that I found when looking at some of the property manager advertising on the site. I specifically research the property managers that testified in the hearing for HB1707. There needs to be much more accurate data collection on this matter.

**RE: SB2089 - Who Benefits? Not the state of HI - not the banks - not the local economy - not besieged property owners**

\*We are the original property owners of our condo on Kauai (Waipouli Beach Resort).

\*This legislation will create a financial hardship for us, as well as many property owners on the island. Please consider the economic conditions for owners who have weathered the real estate storm.

\*We use an on-island rental manager who provides us with some rentals, and we also use VRBO to generate additional rentals that we process ourselves. Between the two, we have had relatively good success, especially now that things are picking up. Without the VRBO income, we would not financially be able to continue to own this property.

\*We need \$6000 per month in rentals just to break even and we do **not** make that. My husband is 65 and is working in order to make up the difference, as we never receive enough to pay mortgage, taxes, fees, etc.

\*We also pay a management fee to our on-island manager for our VRBO rentals to make sure our VRBO guests have a local contact.

\*We understand that 10% of the owners at our resort (Waipouli Beach Resort) are delinquent in their AOA management fees. We also understand that the management is able to withhold delinquent management fees from rental income when the rental is processed by a licensed rental management company. This make sense for the 10% of owners that are delinquent in their management fees, but it seems wholly unfair to **penalize** the **90%** that are paying their AOA fees by requiring them to process their personal rentals through professional managers at a higher cost.

\*We provide excellent service to our guests and consistently receive the highest reviews on our web sites. I am very sure that they would be very disappointed to hear that they would no longer be dealing with Gwen, the owner, in the future if this legislation passes. Please read what they have to say, VRBO #131268.



\*We cannot afford more costs and fees to be deducted from our rental come. I am also afraid of what this legislation will do to the real estate market, to banks, and to the island economy. Owners just barely able to get by will be pushed over the edge by another expense.

Thank you for listening to our point of view and we would appreciate a NO vote on this pending legislation.

Gwen Keighley David Hiatt  
[keighley.maine@gmail.com](mailto:keighley.maine@gmail.com)

Gwen Hiatt  
[keighley.maine@gmail.com](mailto:keighley.maine@gmail.com)

I strongly oppose the bill that restricts rentals by owners.

I am a rental property owner on Kauai...at the Kiahuna Plantation and have been directly renting my condo for about 6 years.

I want to continue to handle my rental business.

Aloha,

Kathleen Danaher

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Karen Cavin  
Organization: Individual  
E-mail: [kcavin@mimosalane.org](mailto:kcavin@mimosalane.org)  
Submitted on: 2/27/2012

Comments:

I am very much opposed to Senate Bill 2089. I have stayed in Maui and on the Big Island in privately owned condos and received superior service in very nice accommodations. I was charged tax.

To Honorable Hawaii Senators,

Thank you for providing this official link so we contact you again about our great concern in realtors becoming tax collectors and rental agents.

As long time Hawaii taxpayers and seniors adversely affected by HB 1707, SB2089 we need your help. We have owned and self managed our condo with loving kuleana since 1994, at which time

we obtained a tax number. Since then we have paid approximately \$300,000.00 in GE and TA taxes, and file tax returns every month. We also pay yearly "higher than resident" property taxes because we live off island some of the year.

Realtors should not be tax collectors. That's the state's job! Current laws require that rental owners pay their taxes and have on island people who can assist renters if the need arises. Thus most condo associations have island property managers to assist owners and visiting renters. An additional agent is redundant and unnecessary.

A spot check of rental advertisements using today's technology and audits by the responsible state departments provides easy disclosure of non-compliance for tax numbers and unpaid taxes. This, with current requirements that all condo associations verify which units are rentals and which are not, provides the state with better tax collection.

We chose to self manage our rental because of the bad experiences and mismanagement by agents reported by other owners and guests. Owners lost revenue, had poor occupancy, and high damages to their property. Most owners, like us, cherish their hard earned condo homes and love Hawaii. Strong incentive exists among us for guest satisfaction and good stewardship of property. We want our guests to enjoy the islands and our condo as much as we do. Never have we had a major instance with unhappy guests and only a few times where our on site manager was needed. We strongly oppose SB2809. It creates a monopoly for agents while adding another layer of financial burden to owners like us. It leaves us vulnerable to the monopoly. Quality suffers with monopolies, so does fairness and healthy competition.

SB2809 hurts everyone except agents. Local business, service people and state revenues will be impacted. We buy local goods and services for condo needs. If these proposals pass, many owners will be "put out of business" or simply lose incentive to rent. We will consider taking our unit off the market rather than be forced to turn over income and management to agents where the integrity of our unit and income is compromised. We cherish our unit and carefully maintain it. The people we employ for housekeeping, maintenance, remodeling repairs will no longer be employed. This proposal negatively impacts every islander.

Lastly, if these regulations pass we will strongly consider looking to other more owner-friendly, warm weather states where we can spend our time and money with less hassle against owners and unfair expenses regarding tax collection.

Please keep Hawaii good for everyone. Please protect and support responsible owners who are an asset to Hawaii, contribute to state revenue, and who provide good accommodations for tourists. Please vote against SB2809 and these types of unfair proposals. Thank you for considering our comments.

Mahalo Brooke & Sandra Boswell

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Debora Kinzel

Organization: Individual

E-mail: [dj.kinzel@frontier.com](mailto:dj.kinzel@frontier.com)

Submitted on: 2/27/2012

Comments:

I have been a property renter for 10+ years and have collected and paid all required taxes during that time. I believe that I am representative of the vast majority of similar property owners that rent their properties directly. After paying very high association and lease rentals fees, property maintenance and upgrading, insurance, cleaning etc, we are barely able to break-even. If this bill is approved, we will not be able to pass along the incremental 30-40 fees being asked by property managers (to do something that I am better able to do). It is very probable that we, and other similar owners, will be forced to sell and further weaken a seriously depressed housing market. Also, the small businesses that we utilize will be severely impacted as they will lose many of their customers - regardless of whether rental owner must sell or not.

This is a bad bill and will have serious impact not to just rental owners like myself, but small business and the entire Hawaii economy. I have spoken to many frequent guests and they have indicated that if prices did increase (as they would) they would no longer be able to continue their annual trips to Hawaii. Please do the right thing for Hawaii and reject this bill.

RE: SB 2089

I am the owner of a vacation rental. I am also a Hawaii resident and have been for almost 14 years. Let me repeat, I am a Hawaii resident, and I am astounded and disturbed by this bill. What are we thinking? Yes, I realize this bill does not affect me as a vacation rental owner, but it sure as heck affects me as a resident on so many levels.

The short sightedness of this bill perplexes me. I have asked myself repeatedly, "Who benefits?" To date, my only reply is real estate agents and property managers. Everyone else loses, including every resident of Hawaii!

When I first heard rumors of this bill over two years ago, I was told the goal was to make sure that **all vacation rental owners** paid their GE and TA taxes. That seemed like an admirable and healthy goal. Occasionally I have been asked by perspective renters not to charge them tax. When I told them this was not possible, they indicated some owners they had contacted were not charging tax. Trust me when I say I have no reason to believe this kind of cheating is limited to mainland vacation rental owners. I patiently explained to the would-be renters that anyone who is not collecting tax is cheating all

Hawaii residents for it is these very taxes that support our government and programs.

I had assumed bill SB 2089 would apply equally to everyone and target all those who has not been paying GE and TA taxes or who could not prove they have paid these taxes whether they live on the mainland or are Hawaii residents. SB 2089 doesn't accomplish this at all. In fact, this bill provides no provision for or recognition of those who can prove they have diligently paid their taxes. Instead, law abiding citizens receive a proverbial kick in the teeth. I predict many vacation rental owners will try to sell out and move their rental business elsewhere. If they can't sell, they will switch to long term rentals until they can sell. This means, rather than collecting more tax revenue, Hawaii will forfeit a good many of the GE and TA taxes they have been collecting. And what is the impact of this bill on Hawaii residents? As vacation rental owners sell, close down, or turn to long term rentals, jobs will be lost, store revenues will decline, and fewer taxes, *not more*, will be collected. In turn more state and county programs will be curtailed or eliminated. Is this truly what we need? Surely, this isn't what we want. How many programs have been cut already due to low tax revenues? Yes indeed, this bill affects me and every other Hawaii resident!

I would be happy to work with those in charge to come up with a plan that assures taxes will be paid, a plan that will penalize *only* those who have not been paying their GE and TA taxes. As this law now stands, Hawaii would become a state that discriminates against those who have complied with our laws. Is that the image we want project to the rest of the country? What great PR that will be, and believe me, with twitters and tweeters, face book and email, word will get out. Moral people will look elsewhere when making vacation plans.

For several years there has not been much profit, and often no profit, in the vacation rental business. If I had to pay a property manager, I would have no option but to close my rental, which would significantly affect the income of the various workers, repairmen, and cleaning personal who work for me. I would no longer be buying supplies for my rental and this would impact sales at a number of local stores. And finally, I would no longer be contributing GE

and TA taxes. Now imagine the joint impact the closing of hundreds upon hundreds of vacation rentals will have on our economy.

I think I'm perceptive enough to understand exactly how mainland owners are feeling and how they will respond. I believe if we persist in the passage of this law we will find many owners putting their properties up for sale. You must know that we do not have buyers for the vast majority of properties currently on the market. I sure wouldn't hold my breath expecting someone to buy and continue to operate most of the vacation rentals that will be added to the "for sale" lists. There's just not that much money in it right now. The vacation rental by owner business is a huge one with a huge following. The people who rent from owners want to rent directly from owners for all the obvious reasons. If Hawaii doesn't offer this option, those tourists are not going to simply switch to management companies any more than avid Bed and Breakfast travelers would switch if you closed down a large portion of all B&B's. Travelers will merely look elsewhere when planning vacations, and visit those states and countries that still allow vacation rentals by owners.

As a Hawaii resident, I am embarrassed and ashamed by SB 2089. I believe most mainland owners of vacation rentals are honest and comply with our laws. So again I ask, what are we thinking? Please stand as a representative of the residents of Hawaii and vote against SB 2089. This bill really isn't what we stand for, it isn't who we are.

Respectfully,

Samantha Payne, Ph.D.  
Keaau, HI 96749  
966-6292  
[sampayne@hawaii.rr.com](mailto:sampayne@hawaii.rr.com)

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Jerry  
Organization: Individual  
E-mail: [linguini2010@live.com](mailto:linguini2010@live.com)  
Submitted on: 2/27/2012

Comments:

I own three vacation properties in Kona and have an on island management co who rents my units. I also rent my units and now do 70% of the bookings. I not only save the management 20% fee on my rentals but quite frankly rent 40% more than they do. Management co's in Kona are run on a shoestring, minimal investment in advertising and represent so many units they have to spread them around which severely reduces rentals and income if left to rent them 100% as your bill seeks. I am underwater on these properties and if I can't rent them myself I well end up in foreclosure. This bill is seeking to make the big rental management companies a monopoly at the expense of individual owners. I pay my taxes monthly and if you pass this bill the taxes you collect from these properties will be reduced by 40%, the opposite of what this bill intends. Please vote no on this bill for all of us.  
Mahalo.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

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: 2/27/2012

Comments:

As an out of state owner of vacation rental property I strongly oppose this ill conceived bill. I pay my taxes as do all of the other owners I am acquainted with. I own condos in a condo hotel.

It will not pass constitutional muster and it creates a monopoly for a small group of realtors and booking agents. There are enough laws on the books and there are many ways to find those who do not pay their taxes without creating a monster which will actually reduce the tax intake.

Think about unintended consequences. This wasn't done a while back on foreclosures and now the courts are clogged with them. When people start putting their property on the market it will force down prices and therefore, property tax intake. There will be less folks coming to Hawaii because many don't want to stay at hotels. With fewer vacation rentals many small businesses will probably fail.

This will increase my expenses considerably for what? I will probably sell, or at least try to sell several of my properties.

Finally, why off-island owners? This is discriminatory and is probably unconstitutional. Why burden only this group?

Thank you for the opportunity to be heard.

Dennis Garlock

Valley Isle Resort (Maui)

> Dear Senator Baker - Me and Many of my neighbors live solely off the monies earned from our vacation rentals . We support visitors from the mainland returning year after year and referring their friends.  
> This bill would be an economic disaster for the local people of Hawaii and could only bring negative consequences for tourism .  
> The only winners if this bill is passed would be the realtors who I'm certain are pushing hard for it's approval Please be strong and stand up for the people who would be hurt so badly by the passing of this legislation We know you will do the right thing All the best,  
>  
> Justin Hilton,  
> paho, hi

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Hattie Gerrish  
Organization: Individual  
E-mail: [gerrish@hawaii.edu](mailto:gerrish@hawaii.edu)  
Submitted on: 2/27/2012

Comments:

I oppose SB2089 because the owners of vacation rentals have the right to chose whom they want to manage their property, and they should not be forced to pay exorbitant fees to hire licensed realtors. I think that if all non-resident owners have to spend so much money on a property manager many will go out of business , hurting the local economy and reducing tax revenue.

I know several vacation rental owners and managers personally who could not afford this. A lot of rental owners/managers are middle class people who work really hard to make their rentals a success. Some of my friends depend on the rental income to pay their mortgage or healthcare costs. Like many Americans struggling to make it through the recession, the rental owners/managers I know mostly have no other income, or part-time and temporary jobs.

I also work at a vacation rental. I am young and island-born, and I really appreciate my job which is helping me work my way through college. As you must know, jobs are really scarce right now. The rental I work for could not afford to hire me if it was forced to hire a licensed property owner. This rental pays all its taxes. It would be unlivid in and in deteriorating condition if it was not being used as a vacation rental. The one I work for is very affordable to travellers, with the goal of making it pssible for families and other working people to afford a vacation here. If you pass this bill, you can expect less people to visit Hawai'i, which will hurt a lot Hawaiian businesses.

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As an owner in Waikoloa, I strongly OPPOSE this legislation.

Hawaii is already at a disadvantage to other hotspot markets because of its price, high cost and regulatory red tape. To invest in Hawaii is already extremely difficult. This legislation will further hamper tourism and investment on the islands. It will also:

- Significantly reduce the value of investment properties and land prices on a whole. This will have a directly negative impact on resident Hawaiians themselves.
- This is a grossly unfair requirement considering the current best practices of many landowners who are currently lawfully paying their taxes. It is unjustly punishing those who are law abiding tax payers.
- If the intent of the legislation is to collect taxes, this legislation could have a reverse effect by driving the market further underground because people do not want to pay, or are unable to afford, high and unregulated realtor/broker/property management fees
- Realtors themselves do not support this legislation because they understand that it will have a negative effect on the market and because they do not want to act as tax collectors

Regards,  
Holly Gustavsson

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To the decision makers,

I am opposed to SB 2089. It is unethical and illegal as shown in the attached attorney's letter. I am a non-resident "Vacation Rental Owner". In 2005 I paid almost \$600,000 for a vacation rental in a complex with many other vacation rentals near Maalaea Village, on Maui. I have had, since 2005, both a Transient Accommodations Tax Certificate of Registration and A General Excise Tax License (W00167621-01). I have collected and paid all required accommodation and excise taxes due. I've kept records of all income which is reported on my tax returns, and matches what I paid the state of Hawaii, and all the bank statements for my condo. IN 2011, I PAID OVER \$7,000 IN EXCISE AND ACCOMODATION TAXES. The Condo funds do not comingle with my personal funds. Each year, I pay over \$4,000 in taxes, so I am required to file monthly. At one time I had a licensed management company renting out my condo. On a regular basis I was charged for repairs I found were not needed. This occurred each month, and added up to thousands of dollars over the years. I learned from talking to other property owners (non-residents) who used the same management company, that the same overcharges were happening to them. On top of this, I paid a 25% commission for their services, plus extra booking fees. There are only about four rental companies that we can use locally use. Some charge 30% or more. They allow guests to cancel a reservation at the last minute, without any compensation to the property owner. I lost over \$16,000 due to the management company allowing last minute cancellations, or when they took bookings from my condo, and put them in one of "THEIR UNITS". This happens over and over, and the owner can't do anything about it. Management companies should be fined \$1,000 for each time they RIP-OFF a vacation rental owner!

After going through three of the four companies, I found an "honest" management company. There is no fees involved. I receive so many requests for my condo, that I am able to give them many referrals for the other units they rent out. This has been a win-win for both of us. They handle the repairs, emergencies and cleanings. I advertise my own condo, send out rental agreements, collect deposits, the rents and issue refunds. She oversees what I do, but I am allowed to do all my own bookkeeping, and file my own Maui County Taxes. I have an on-line guestbook were many of my



guests have posted how great my condo is. I have never kept monies that were not mine, and refund any security deposits within 14 days. MOST NON-RESIDENT OWNERS FOLLOW THE RULES.....I WISH THE SAME COULD BE SAID FOR THE GREEDY, MANAGEMENT COMPANIES.

IF THIS PASSES, I WILL LET MY CONDO GO INTO FORECLOSURE. PAYING THE FEES I WOULD BE CHARGED FOR A REAL ESTATE SALESPERSON TO DO THE RENTING, COLLECTION OF FUNDS, AND PAYMENT OF MY TAXES, WOULD MAKE IT NO LONGER FEASIBLE TO OWN PROPERTY ON MAUI. SINCE 2005, OUR GROUND LEASE FEES HAVE GONE UP TEN TIMES, OUR HOA DUES HAVE TRIPLED, AND THE PROPERTY TAXES WENT THROUGH THE ROOF. THEY ARE BASED ON FICTICIOSLY HIGH PROPERTY VALUES, WHICH WE ARE REQUIRED TO PAY. THIS IS ALL A MATTER OF RECORD. YET, I HAVE CONTINUED TO ALSO PAY ALL THAT IS DUE FOR ACCOMMODATION AND EXCISE TAXES I HAVE COLLECTED FOR MAUI COUNTY. I WILL NOT BE FORCED TO USE A REALTOR TO COLLECT MY RENTS SO THEY CAN CHARGE ME OUTRAGOUS FEES. I REFUSE TO GIVE ANYMORE OF MY HARD EARNED MONEY AWAY. WE CAN BARLY COVER THE CONDO'S EXPENSES NOW. I PROMISE, AFTER I LET MY CONDO GO INTO FORECLOSURE, I WILL NEVER RETURN TO HAWAII.

DO YOU THINK THE REAL ESTATE MARKET ON THE ISLANDS IS BAD AND HAS DRAINED TAXES, AND HARMED THE ECONOMY? JUST WAIT TO SEE WHAT WILL HAPPEN IF THIS BILL PASSES. THERE WILL BE A HUGE EXODIS OF VACATION RENTAL OWNERS FROM THE ISLANDS. IT WILL TAKE 10+ YEARS TO BOUNCE BACK. NO INVESTOR WILL BUY ANY OF THE PROPERTIES THAT WILL BE DUMPED BY THE 1000'S ON EACH ISLAND.

Diane Lees,  
Owner,  
Kanai A Nalu, #117, 250 Hauoli Road, Wailuku 96793  
Excise and Accommodations Tax License # W00167621-01

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Vic & Kathy Bernard  
Organization: Individual  
E-mail: [katherinemb@shaw.ca](mailto:katherinemb@shaw.ca)  
Submitted on: 2/27/2012

Comments:  
Senate Representatives  
State of Hawaii

February 27, 2012

RE: S.B. No. 2089 - Transient Accommodation Bill

NOT SUPPORTED

- We manage our own investment

- We have all the appropriate paperwork required by the County of Maui/State of Hawaii
- We operate under the current legislation
- We pay the GET & TAT required on time

We are asking that you do NOT vote in favor of this BILL.

There is existing legislation in place today and when properly enforced can and will eliminate potential non-compliance. To add another layer of legislation is not only unnecessary it will add fraudulent wrongdoing and costs to Government. In turn it will be a further burden on all of us who pay our taxes.

Enforce what exists; do not add another layer of Government Bureaucracy. If this Bill gets approved it will have a damaging affect to ALL.

This has a potential to cause a whole lot of other issues eg. Fraud has been proven to be a problem in the past by many management companies resulting in financial losses for owners. Many owners rely on rental income from their investment to keep it running.

By having to pay a manager up to 40% unnecessarily, Many owners will be forced to sell what they thought would be a good investment on the Islands.

Owners must have the "RIGHT" to manage their own property.

For those who do not follow the existing taxation guidelines, Fine the owners in non-compliance.

Do not penalize those who follow what exists today!!

Owners will have no knowledge or will not have the ability to monitor those who come and go from their condos if this legislation is passed.

Finally, and what is most important in today's economy, this will have a very damaging outcome for those who rely on rental income to support General Excise Tax and the Transient Accommodation Tax, Property Taxes and upkeep of their condo's. Owners support local businesses in the State of Hawaii by contributing to the economy through payment of utilities, upkeep of condos, local trades, purchase of gas, groceries etc. We as owners want to continue supporting the local economy in its entirety and not just an isolated few eg. Realtors/Property Management Companies.

This Bill will also trigger further downturn of what is already a volatile economy. Foreclosures will continue and housing markets will continue to slide. The profit takers will be isolated to the realtors and property management companies.

TOURISM will be greatly affected due to a third party collecting rent which will in turn cause owners to raise their rates. This is a huge financial loss to property owners who would be paying up to 40% to a property management company.

ULTIMATELY HAWAII WILL TAKE THE GREATEST HIT.

Think further than third party property management, enforce existing legislation and allow owners to manage what is rightfully theirs to manage.

Why should Hawaii have different rules and legislation than other US States?

Concerned Property Owners and Tax Payers of Maui,

Vic and Kathy Bernard  
Maui, HI

---

I am writing as a resident of Hawaii to ask that you vote no to **Stop Bill HB1707....**

At the moment I have been making a living by assisting private residents to rent out their homes to visiting vacationers. With this current economy, there is very little room for any more cuts in the profits made from these rental payments. They go towards the cleaning and maintenance of the homes, as well as landscaping. The money that's left over only helps to pay the mortgage. In my opinion this would only prevent home owners in Hawaii to do what they are already doing.... stimulating the economy by paying people like me and the landscapers and also offering affordable rentals to visitors.

thanks for your time....

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Rick & Jane Hallding  
Organization: Individual  
E-mail: [hallding@telus.net](mailto:hallding@telus.net)  
Submitted on: 2/27/2012

Comments:

Senate Representatives  
State of Hawaii

February 27, 2012

RE: S.B. No. 2089 - Transient Accommodation Bill

NOT SUPPORTED

- We manage our own investment
- We have all the appropriate paperwork required by the County of Maui/State of Hawaii
- We operate under the current legislation
- We pay the GET & TAT required on time

We are asking that you do NOT vote in favor of this BILL.

There is existing legislation in place today and when properly enforced can and will eliminate potential non-compliance. To add another layer of legislation is not only unnecessary it will add fraudulent wrongdoing and costs to Government. In turn it will be a further burden on all of us who pay our taxes.

Enforce what exists; do not add another layer of Government Bureaucracy. If this Bill gets approved it will have a damaging affect to ALL.

This has a potential to cause a whole lot of other issues eg. Fraud has been proven to be a problem in the past by many management companies resulting in financial losses for owners. Many owners rely on rental income from their investment to keep it running.

By having to pay a manager up to 40% unnecessarily, Many owners will be forced to sell what they thought would be a good investment on the Islands.

Owners must have the "RIGHT" to manage their own property.

For those who do not follow the existing taxation guidelines, Fine the owners in non-compliance.

Do not penalize those who follow what exists today!!

Owners will have no knowledge or will not have the ability to monitor those who come and go from their condos if this legislation is passed.

Finally, and what is most important in today's economy, this will have a very damaging outcome for those who rely on rental income to support General Excise Tax and the Transient Accommodation Tax, Property Taxes and upkeep of their condo's. Owners support local businesses in the State of Hawaii by contributing to the economy through payment of utilities, upkeep of condos, local trades, purchase of gas, groceries etc. We as owners want to continue supporting the local economy in its entirety and not just an isolated few eg. Realtors/Property Management Companies.

This Bill will also trigger further downturn of what is already a volatile economy. Foreclosures will continue and housing markets will continue to slide. The profit takers will be isolated to the realtors and property management companies.

TOURISM will be greatly affected due to a third party collecting rent which will in turn cause owners to raise their rates. This is a huge financial loss to property owners who would be paying up to 40% to a property management company. ULTIMATELY HAWAII WILL TAKE THE GREATEST HIT.

Think further than third party property management, enforce existing legislation and allow owners to manage what is rightfully theirs to manage.

Why should Hawaii have different rules and legislation than other US States?

Concerned Property Owners and Tax Payers of Maui,

Rick and Jane Hallding  
Maui, HI

---

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Charles  
Organization: Individual  
E-mail: [cwarnn@comcast.net](mailto:cwarnn@comcast.net)  
Submitted on: 2/27/2012

Comments:

I oppose 2089 because it is ill conceived and creates more problems than it resolves.

Since there is no reasonable short term vacation permitting the net effect would be to dramatically reduce the TAT taxes collected for the state.

Time to wake up to economic reality Hawaii! Don't cut our own throat with ridiculous short term rental legislation.

Give us some reasonable permitting legislation and stop screwing around with silly bills like this.

A Laie resident.

---

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Tracy Falconer  
Organization: Individual  
E-mail: [td33@mac.com](mailto:td33@mac.com)  
Submitted on: 2/27/2012

Comments:

I opposed SB2089. This measure does not represent the over all people in the industry and is a blatant attempt by certain business people to corner a market to enforce their own pricing agendas. Please do not pass this unconstitutional legislation.

Tracy Falconer  
Kailua-Oahu

# Fax

---

**To:** Senator Rosalyn Baker **From:** MyFax - Steven Chang/Helen Cheng

---

**Fax:** 18085866071 **Pages:** 4

---

**Re:** Opposed to SB 2089 **Date:** Feb 26, 2012

---

**Urgent**       **For Review**       **Please Comment**       **Please Reply**       **For Information**

● **Comments:**

Please see the attached two letters regarding opposition to SB 2089

February 25, 2012

The Honorable Rosalyn Baker  
State Senate  
415 South Beretania Street  
Hawaii State Capitol, Room 230  
Honolulu, HI 96813

Re: SB-2089

Dear Senator Baker,

I am an owner of two vacation rental units in the state of Hawaii. I am writing to state my opposition to SB-2089 which purports to require non-resident owners of residential units to hire licensed property managers when renting their homes.

This bill is unconstitutionally discriminatory against non-resident property owners. Requiring me to use a licensed property manager, who typically takes 30 to 40% of the rental revenue, would result in reduced tax revenue for the state of Hawaii. I have the requisite Hawaii tax ID numbers and pay the Transient Accommodations and General Excise tax monthly as required. If I am required to only book through a property manager, it will significantly reduce the income that I am able to generate and thus will reduce the amount of taxes that I pay to the state of Hawaii. This lost revenue will be due to the fact that fewer property owners will be able to survive and rent their units as a result of significantly increased expenses due to the property managers. The state of Hawaii stands to lose millions of dollars of Transient Accommodations and General Excise taxes as a result of this bill.

A nearly identical bill, House Bill 1707 has already been deferred in the House in part because of the illegality of that bill. As you can see from the attached letter, SB-2089 has also been deemed illegal by a well recognized Hawaii law firm.

For the above reasons, I respectfully request that SB 2089 not be passed.

Very truly yours,

Helen Cheng  
3800 Wailea Alanui Dr. #210  
Kihei, HI 96753

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**DAMON KEY LEONG KUPCHAK HASTERT**  
A LAW CORPORATION

February 24, 2012

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Gregory W. Kugle  
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Denis C.H. Leong  
David P. McCauley  
James C. McWhinnie  
Sara Mostafa-Ray<sup>2</sup>  
Mark M. Murakami  
Anna H. Oshiro  
Christopher Pan<sup>2</sup>  
Michelle M. Shin  
Douglas C. Smith  
Robert H. Thomas<sup>2</sup>  
Michael A. Yoshida

Of Counsel  
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C.F. Damon, Jr.  
Harry A. Inman<sup>3</sup>

Charles W. Key  
(1929-2008)

<sup>1</sup>Admitted in Texas

<sup>2</sup>Admitted in Hawaii and California

<sup>3</sup>Admitted in New York and  
District of Columbia



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**The Honorable Rosalyn Baker**  
**State Senate**  
415 South Beretania Street  
Hawaii State Capital, Room 230  
Honolulu, Hawaii 96813

Re: SB 2089

Dear Senator Baker:

We represent the Hawaii Vacation Rental Owners Association ("HVROA") in opposition to Senate Bill 2089, which purports to require non-resident owners of residential units to hire licensed property managers when renting their homes.

Bill 2089 is patently unconstitutional discrimination against non-resident property owners by the State of Hawai'i, in violation of the United States Constitution. The Constitution prohibits discrimination against non-residents through the Equal Protection, Privileges and Immunities and Commerce Clauses. It is well-settled law that the right to own and dispose of privately-held property is a "fundamental right" for purposes of the Constitution. *Daly v. Harris*, 215 F. Supp. 2d 1098, 1101 (D. Haw. 2002) (Honolulu's Hanauma Bay non-resident fee ordinance). Under the Equal Protection and Privileges and Immunities Clauses, discrimination on the basis of residency is reviewed under strict scrutiny. The statute is unconstitutional if it is not necessary to further a compelling state interest. *Walsh v. City and County of Honolulu*, 460 F. Supp. 2d 1207 (granting injunction against Hawai'i's residency requirements). In fact, the Hawai'i Supreme Court has held that Hawai'i's durational residency requirement "exists without a rational basis." *York v. State*, 53 Haw. 557, 561 (1972).

Likewise, under the Commerce Clause, the inquiry is whether the law regulates evenhandedly with only incidental effects on interstate commerce, or whether it discriminates against interstate commerce, which means different treatment of in-state and out-of-state economic interests. "If a restriction on commerce is discriminatory, it is virtually per se invalid." *Barber v. State of Hawai'i*, 42 F.3d 1185, 1194 (9<sup>th</sup> Cir. 1994).



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**DAMON KEY LEONG KUPCHAK HASTERT**

The Honorable Rosalyn Baker

February 24, 2012

Page 2

Under any analysis, SB 2809 will not pass constitutional muster. Laws requiring the payment of transient accommodation tax already exist. Taxes are paid, or not paid, by residents and non-residents alike. The Bill has absolutely no purpose other than to significantly increase the cost of owning and renting property for non-residents.

In addition to these insurmountable constitutional infirmities, the Bill has many other fatal flaws. It impermissibly infringes on the four Counties' home rule powers, each of which can differently define transient accommodations for purposes of their zoning laws. In addition, property owners are statutorily exempt from using a licensed realtor when renting their own property.

For the foregoing reasons, and others, HVROA respectfully requests that SB 2809 not be passed.

Very truly yours,

**DAMONKEYLEONGKUPCHAKHASTERT**



Gregory W. Kugle

GWK:ds

cc: Ms. Angie Larson  
160982

9/10 3  
TO: SENATE COMMERCE AND CONSUMER PROTECTION COMMITTEE AND  
SENATOR CHAIR BAKER

RE: SB 2089

I OPPOSE SB 2089 MONOPOLY.

This Bill is supposedly based on an attempt to gain more funds for the State of Hawaii, a false face. In reality, it is solely to force more money into real estate agencies. At the same time, it will also close many vacation rentals on the islands...not because homeowners don't pay their taxes (which has been shown they do by prior State audit). Thousands of jobs will be lost along with vacation rentals. All this amounts to extensive loss of tax funds for the State...millions.

Maui, Oahu and the Big Island have no way of permitting short term rentals which should be the first focus. Without that, agents are not able to rent these homes without fines., This is self-destruction of tourism once again by the State of Hawaii.

The Bill discriminates against owners living off island and violates several existing laws. Another law is unnecessary as there are already many laws requiring the payment of taxes. This Bill runs afoul of existing laws, discriminates, is illegal and unconstitutional, not to speak of the lawsuits that will ensue.

This Bill was initiated by a few real estate companies, mostly from the Big Island, solely to hopefully force more money into a few real estate agencies creating a monopoly and thwarting free enterprise.

The idea that owners are not paying their TA and GE taxes is an old and baseless argument. The fact is an audit was already performed and they found that the majority were in fact paying their taxes. There is no evidence separating homeowners that are not residents from those that are. This is a further assault on homeowners with no factual basis for the discrimination which will result in many going underground, banned, or increased rates to cover ridiculous fees of 40-50%. Many owners will not be able to hire the agencies without extensive fines and they do a very poor job of managing the homes for owners and concerns of neighbors. They care little about how many or the type of people they stuff into the homes. ..just unacceptable for everyone. This will destroy the vacation home industry and the millions of tourism dollars they bring leaving so many families from all over the world with nowhere to go that is affordable.

Further, the House Bill equivalent has already been (HB1707 ) has already been defeated based on its illegality and unconstitutional. Attorneys legal summary is attached.

Mahalo,

  
Andy Iuliano, Oahu

Attachment: Attorneys Legal Summary

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February 21, 2012

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C.F. Damon, Jr.  
Harry A. Inman<sup>6</sup>

Charles W. Key  
(1 929-2008)

<sup>1</sup>Admitted in Texas<sup>2</sup>Admitted in Hawaii and California<sup>3</sup>Admitted in New York and District of Columbia

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and exceptional service.

**HAND DELIVER**

The Honorable Marcus Oshiro  
House of Representatives  
415 South Beretania Street  
Hawaii State Capital, Room 306  
Honolulu, Hawaii 96813

Re: HB 1707 HD 2

Dear Representative Oshiro:

We represent the Hawaii Vacation Rental Owners Association ("HVROA") in opposition to House Bill 1707 HD 2, which purports to require non-resident owners of residential units to hire licensed real estate brokers or salespersons when renting their homes for thirty (30) days or less.

Bill 1707 is patently unconstitutional discrimination against non-resident property owners by the State of Hawai'i, in violation of the United States Constitution. The Constitution prohibits discrimination against non-residents through the Equal Protection, Privileges and Immunities and Commerce Clauses. It is well-settled law that the right to own and dispose of privately-held property is a "fundamental right" for purposes of the Constitution. *Daly v. Harris*, 215 F. Supp. 2d 1098, 1101 (D. Haw. 2002) (Honolulu's Hanauma Bay non-resident fee ordinance). Under the Equal Protection and Privileges and Immunities Clauses, discrimination on the basis of residency is reviewed under strict scrutiny. The statute is unconstitutional if it is not necessary to further a compelling state interest. *Walsh v. City and County of Honolulu*, 460 F. Supp. 2d 1207 (granting injunction against Hawai'i's residency requirements). In fact, the Hawai'i Supreme Court has held that Hawai'i's durational residency requirement "exists without a rational basis." *York v. State*, 53 Haw. 557, 561 (1972).

Likewise, under the Commerce Clause, the inquiry is whether the law regulates evenhandedly with only incidental effects on interstate commerce, or whether it discriminates against interstate commerce, which means different treatment of in-state and out-of-state economic interests. "If a restriction on commerce is

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**DAMON KEY LEONG KUPCHAK HASTERT**

The Honorable Marcus Oshiro

February 21, 2012

Page 2

discriminatory, it is virtually per se invalid." *Barber v. State of Hawai'i*, 42 F.3d 1185, 1194 (9<sup>th</sup> Cir. 1994).

Under any analysis, HB 1707 will not pass constitutional muster. Laws requiring the payment of transient accommodation tax already exist. Taxes are paid, or not paid, by residents and non-residents alike. The Bill has absolutely no purpose other than to significantly increase the cost of owning and renting property for non-residents.

In addition to these insurmountable constitutional infirmities, the Bill has many other fatal flaws. It impermissibly infringes on the four Counties' home rule powers, each of which can differently define transient accommodations for purposes of their zoning laws. In addition, property owners are statutorily exempt from using a licensed realtor when renting their own property. Even the State's own agencies own

TO: SENATE COMMERCE AND CONSUMER PROTECTION COMMITTEE AND  
SENATOR CHAIR BAKER  
RE: SB 2089

I OPPOSE SB 2089 MONOPOLY.

Please consider the ramifications if this Bill is not stopped. Extensive testimony and letters have set out the hardships not only to owners and everyone working for them, but to the State of Hawaii as well with decreased tax revenue that would result. Instead of more tax funds, the opposite will result with millions lost right along with thousands of jobs.

There will also be lawsuits to protect the constitutional rights of non-residents and their homes. The attached letter from Damon, Key, Leong, Kupchak and Hastert sets forth some of the legal basis and unconstitutional issues supporting opposition. The House had a similar Bill (HB1707) already defeated on illegality alone.

Tourism is the core of Hawaii. This is another way of self-destruction. As has been established in many hearings before now, millions will be lost from tourism without vacation rentals; they will go elsewhere to areas that welcome them. Many homeowners will not be able to obtain agents (established by Rico) RESULTING IN THE LOSS OF MULTI-MILLIONS to the State of Hawaii.

Please do not lose sight of the fact that this was instituted by 5 real estate companies (4 from the Big Island and one from Maui) to put more money in their pockets, raping the homeowners of profits...this was not formulated to bring tax funds to the State of Hawaii, which it would not which has been explained in numerous correspondence.

This Bill discriminates against owners who live off island and violates several existing Hawaii laws with no supporting factual basis. Such laws are unnecessary as there are already several laws requiring the payment of taxes. It was initiated by a few agents to monopolize the industry. Though many would not be able to hire such agents, the remainder would be forced to raise their rates beyond affordability of the families that try to come to Hawaii the only way they can. Why? Just to cover the 40-50% fees these agents want for themselves and tourists....Not for the State of Hawaii.

Owners already pay GE and TAT taxes on any income, and pay a good deal of money for their homes to be maintained, personally managed and cleaned in continual good order. Families from all over the world depend on these vacation rentals as they do in all their destinations. These real estate companies are not desirable as they do not screen the tenants, don't care how many people they cram into the homes or parking and do not care about the home or the neighbors. The owners are the best people to rent and manage their homes ...they care about their homes and the neighbors, and they do pay their taxes.

Mahalo, N. Sweatt, Oahu  
Attachment: Corresp. From Attorneys

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February 21, 2012

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**HAND DELIVER**

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DAMON KEY LEONG KUPCHAK HASTERT  
The Honorable Marcus Oshiro  
February 21, 2012  
Page 2

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In addition to these insurmountable constitutional infirmities, the Bill has many other fatal flaws. It impermissibly infringes on the four Counties' home rule powers, each of which can differently define transient accommodations for purposes of their zoning laws. In addition, property owners are statutorily exempt from using a licensed realtor when renting their own property. Even the State's own agencies oppose the Bill, including the Real Estate Commission and the Regulated Industries Complaints Office.

For the foregoing reasons, and others, HVROA respectfully requests that HB 1707 not be passed.

Very truly yours,

DAMON KEY LEONG KUPCHAK HASTERT



Gregory W. Kugle

GWK:ds  
160710

# Sunshine Rainbows

4327 Lower Honoapiilani Road  
Kahana, Maui, HI 96761

**Paul Shields**

Email: [Jan@SunshineRainbows.com](mailto:Jan@SunshineRainbows.com)

Phone: 1-808-250-2222

Fax: 1-760-798-2890

Number of sheets including cover: 3

To: members Senate Commerce & Consumer Protection committee

Subject: SB-2089.

Additional Information: I am a vacation Rental owner and I live on the mainland. I can not vote for or against you. But the people that I employ - the maids, Land stayers, and maintenance people do live in Hawaii. They can and will vote. This bill will add so much to my operating costs that I will go out of business. These people will then be unemployed. I will make sure that they know who voted for this bill and made them unemployed.



February 27, 2012

Senate

PLEASE READ THIS

Oppose 2089

I listened to the testimony at the hearings on February 23, 2012 in regards to HB 1707. I am writing because I am baffled at some of the failed answers. The taxation department as well as Mr. Monck cannot seem to answer basic questions and others not so basic. I am writing as a property owner **and one who uses** a Management company on the island of Kauai. Mr. Monck had a very difficult time answering whether he would not have a problem with a cap on what he could or would charge. Let me give you examples which can be proven and scanned.

My management company charges me 25% of my rental proceeds, which exclude the get and tax received. However if I land the booking myself (through VRBO) they will only deduct 20% management fee.

They handle all my rents, send out contracts, and pay my taxes. I charge \$209.00 a night which is what my management company tells me to charge. Out of that \$209.00 a night I will give them 25% commission. My cleaning fee will also be deducted at the end of the rental term of \$129.00. There is also a linen service which is deducted of about \$24.00. Did I mention that the cleaning crews are employees of my management company. Do you think he makes money off my cleaning fee? There is also a charge that I do not like which is a \$50.00 transaction fee that is supposed to be charged in addition to the rental rate. When I don't charge it to the guest it will come out of my gross rents. I can also prove this with an email between myself and my management company questioning this transaction fee when I create the booking.

I am also charged \$100.00 a month for advertising. That is \$1200.00 a year. Did I also mention this management company is the manager for approximately 38 condos in my complex alone.

He received \$1200 a year for advertising from 38 units = a Staggering \$45,600. HMMMMM

Yet I do not have one booking, **not one booking from my management company** from February 1, 2012 through August 31, 2012. Attached is proof. Every single booking I have from the dates mentioned above are from MY advertising dollars. Yes, and I will still pay him 20% for those bookings and all the up charges.

Oh Yeah I almost forgot when I purchased my condo and it closed escrow in August of 2010. I went to the local Furniture store and spent \$15,000.00 redecorating. I asked my management company to please update my photos on their website. I was charged \$100.00 per photo for 5 new photos. Yep they took \$500.00 for five new photos. ☹

So from February through August my main **expenses** will be the following

Condo dues \$897.00 x 7 months= \$6279.00

Property Tax August \$2500.00

These numbers above do not include a mortgage or management fees or many other miscellaneous bills. Thank goodness I **don't** have a mortgage.

It is not looking so good for me since I don't have any rentals being generated from my management company. Thank goodness I advertise elsewhere. The economy is in horrible shape. We owners cannot rent for the same amount we were getting in 2006 and neither can the management companies. Why don't you ask them all what percentage they charged when the economy was good. I am sure they have had to lower their management fees.

So when Mr. Monck tells you, "Oh I contacted several agencies and they say they only charge 15 or so percent", ask them about the many add ons. Poof the numbers are more like we have been saying 30 to 50 percent.

There are many of us that advertise on VRBO and still have management companies. How would this be the way to find out about the tax evaders?

I also watched the woman from the Hawaii Taxation department but I cannot remember her name. But here are some of the answers; I am sorry we don't have that information. I am sorry we don't know that information. I am sorry there is no way for us to know that. I am sorry I didn't bring that information. REALLY

This bill 2089 isn't the answer. This will only help Real Estate agents, and will not put more money where it needs to be.

We all pay property taxes. Send a questionnaire when our tax bills are sent asking if we are still operating a rental business. We must provide some kind of proof with our property tax bills.

I don't know the answer but there has to be more proof by the people that are proposing this. Good hard facts. If they have the facts that there are so many who are not paying taxes, then why is the State Of Hawaii doing nothing?

If there are so many illegal vacation rentals why is everyone sitting back and doing nothing?

Mahalo Kristin

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Franklin Nathaniel

Organization: Individual

E-mail: [momonkwaj@aol.com](mailto:momonkwaj@aol.com)

Submitted on: 2/24/2012

Comments:

I strongly oppose SB2089. I have and continue to pay all taxes due to the State of Hawaii. This proposed bill places an additional cost and burden to the individual owner by forcing me to hire someone to do what I do myself. I strongly oppose SB2089.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Terry Gardiner  
Organization: Individual  
E-mail: [tgardiner@intergate.ca](mailto:tgardiner@intergate.ca)  
Submitted on: 2/24/2012

Comments:

February 14<sup>th</sup> 2012

Re: SB 2089 and HB 1707

I have read both Bills and the amendment to Bill 1707 and I am astounded and appalled that the Hawaiian Legislative Branches are considering passing these Bills.

After reading the submissions to the legislators it is clear where the battle lines are drawn and who stands to benefit. Both the Hawaiian Association of Realtors and The Hawaiian Real Estate Commission have come out against these Bills as well as The Hawai'i Tourism Bureau noting that there are already laws in place regarding the collection and remitting of GET and TAT taxes and finding that these Bills are overkill. The other side has a very strong contingent of Rental Property Managers. These Rental Property Managers trot out the contention that millions of dollars in GET and TAT are being collected but not remitted by scofflaw owners or even worse, not collected in the first place. This flies in the face of the most recent audit of GET and TAT which found that a vast majority of owners were in compliance. What is really at issue for the Rental Property Managers is the fact the Vacation Rentals By Owner and other similar business models are putting downward pressure on their ability to a charge 30/45 % to manage a person's vacation rental. By legislating away the rights of owners to manage their own properties this legislation will hurt tourism. Who will end up paying a portion of the increased cost brought on by the monopoly the Rental Property Managers will enjoy and the fees they charge? The consumer is who! When you increase costs and prices you lessen demand which will have a negative impact on tourism in general and Hawaii as a whole.

Do I have a vested interest? You bet! But so do most Hawaiians! If you are an investor, say a Hawaiian who lives on Oahu but has a vacation rental on Maui your rights as an owner are about to be abridged. If you are an investor from the US mainland or a foreign investor you also lose as it will now cost 30 to 45% more to have your rental property. If you are a Hawaiian developer and hope to sell your finished properties to investors, your offering now makes less sense to investors which will cost you sales, increase the time you take to sell your property and make you think twice about starting a project in the first place. If you own Hawaiian real estate you will also notice a further softening in your values as the removal of many investors from the equation will hurt all property values ( as if the last few years weren't hard enough). If you are a Hawaiian tax payer these Bills will have very little upside but they will definitely hurt the economy. And lastly, if you are a consumer and the cost of a vacation rental has now

increased you also suffer so you may shorten your stay or you may vacation elsewhere. Once again, who wins? Oh yes, the Rental Property Manager.

Many jurisdictions such as Arizona, Nevada, California and Florida are welcoming investors and have seen investors help stem, to some degree, the blood bath of the mortgage meltdown and subsequent market collapse. In a similar vein the US Federal Government is looking to bring in a provision that provides for an extended stay residential visa ( a non employment visa) for people that invest more than \$600,000 in US residential real estate. It appears that the only individuals that are looking to limit the scope of ownership for investors in the United States are to be found in the Hawaiian Senate and House of Representatives. So you have 49 states open for business, Hawaii not so much.

There is no question that GET and TAT need to be collected and paid. While there are laws in place to deal with collection and filing there could also be provisions put in place that would require owners to post their business license or tax number in their advertising which would allow for greater accountability.

As stated in the Real Estate Commission's submission to the Legislature Feb 2<sup>nd</sup> 2012

This bill

"creates an unnecessary but new specialized license of property managers within the real estate licensing statute of Chapter 467, Hawaii Revised Statutes ("HRS"):

- changes the legislative policy set forth in the exceptions to the real estate licensing statute that an individual, i.e., a natural person and not an entity, who, as an owner of any real estate, may handle the management and

**sale of their own real estate without a real estate license or without retaining a real estate licensee (§467-2 (1), HRS); and**

- **creates ambiguity with a current regulated area of condominium hotel operators as set forth in §467-30, HRS."**

As for my vested interest, I have a rental condominium in Ka'anapali, I have a business license, I file Federal and State taxes and I collect and remit GET and TAT. I am considered a foreign investor and I will be taxed higher, both in income tax, property tax and in future capital gains tax. I knew and accepted these realities before making my investment decision. Bills SB 2089 and HB 1707 are happening "after the fact" and as such were unforeseen as no other jurisdiction has sought to fetter private home ownership in this way. I am in negotiations to purchase a second vacation rental in Maui but these changes to the personal ownership rules have me considering other options. I have been in touch with at least one other who is planning to collapse their conditional sale rather than deal with both the increased cost of ownership and the potential capital losses that these Bills would engender.

I have managed my own property using the likes of VRBO and Homeaway and I hire Hawaiian residents for all my rental needs. I have a long list of happy renters from Hawaii, the mainland, Australia, Canada, Japan and the UK. My rental rates are reasonable and I provide a cost effective alternative to Hotel fees. I furnish my rental with many extras that the hotels don't and my renters value the difference. I believe

as an owner you should have a choice, the owner benefits, the consumer benefits and the State benefits.

Mahalo,

Terry Gardiner

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: sat mahajan

Organization: Individual

E-mail: [satmahajan@comcast.net](mailto:satmahajan@comcast.net)

Submitted on: 2/24/2012

Comments:

We own few properties in maui.Prices are down by 30% and there are no buyers.We are surviving by renting our property own and paying transient and excise taxes end of the month.Something like this will drive us to foreclosure. your tourism will go down and you will lot of unhappy visitors.Do not take this away.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Janet Crews  
Organization: Individual  
E-mail: [jjcrews1@msn.com](mailto:jjcrews1@msn.com)  
Submitted on: 2/24/2012

Comments:

Dear Senators,  
I have just been made aware of your Senate Bill #2089.

I would like to strongly oppose this bill being passed.

My husband and I have worked and lived in Maui for 25 years from May to November. Due to economic reasons, we need to work and live on the mainland during the winter months. We pay all our Hawaii taxes, local, state and federal. We finally were able to purchase our own place, condo in Kihei, several years ago and to make it work economically for us, we must rent our place while we are gone. I applied for my Hawaii business license when we bought our place so that I could be the property manager and do the renting directly with our guests. I have people locally, who care for our place like it was their own, and are at our guests beckoned call if they need anything or for any emergency. These people will be out of work with your new bill; do you want to contribute to Maui's high unemployment and loose their tax payments as well?

We worked hard and for many years to buy our own Maui home and we want to be our own property managers of our home, so that we can screen who will be using our property while we are not there. I have run a business for many years, I know how to run a small business and I know the responsibility of reporting my business transactions and paying appropriate taxes. Since day one, I have reported all my TAT income and payed my due taxes.

The people that previously owned our unit used a property management company and the unit was in serious disrepair and unclean; yet they charged huge sums to the property owner and claimed it was well cared for and that the guests they booked treated it well. We know this not to be true, because we saw it first hand when we rented it before buying. The owner was appalled when we sent him photos. The unit was very dirty, drapes had hems torn and hanging down, none of the sheets matched and the beds were poorly made. The carpet was dirty and in disrepair. The towels were stained and old; yet the owner claimed he had repeatedly supplied new linens and towels. The bathrooms were unclean with moldy tiles and the kitchen was unkempt as well. We had to completely deep clean and repair the place before we could live there ourselves

We did not use our life savings to have to pay others a commission to rent our place to anyone and any number of people per visit, as they please, and to "trust" they will care for it as we do. They have no personal interest in our home!!! Giving up these rights to control the care and rental of our



property is not just an invasion of our financial and business rights, but of our ability to control the usage of our part time family home.

Please rethink this, it is NOT a good bill and I know many other property owners like us, that this is not just an investment it is our HOME as well. Would you turn your home over to a rental management company?

Thank you,  
Janet Crews

**OPPOSED HB1707 SB 2089**

If the state's motive is to collect taxes, there are already laws to do that and **enforcement** is what is needed, not a law that property owners must hire a realtor manager and then **relinquish all rights to manage their own property**.

We believe there are many other ways for the state of Hawaii to be sure they collect tax revenue than through this extreme measure that benefits Property Management Companies at the expense of individuals who own and rent their own units.

What is the real issue here? **COLLECTING TAXES**. Do not penalize the majority for the minorities. I have had a property management company in the past, and if I were still with them, I KNOW my rental would not be as successful as it is today through our individual owner efforts. We pay our taxes. If we were forced to have a rental management company, we, and I believe many others, in all likelihood would be forced to NOT rent our properties and the state would loose our tax dollars and our employees would loose their jobs.

Also, I feel that it is **discriminatory** to subject non-residents to this law vs. ANY persons with rental properties (that it would include island residents).

The Hawaiian Islands are a beautiful place to live and visit.....please keep the ALOHA, DO NOT PASS THIS INTO A LAW.

**OPPOSED HB1707 SB 2089**

**Jennifer & Rolf Evers**

Maui property owner and TAXPAYER

Dear Committee Members,

I am writing to you to voice my strong opposition to Senate Bill SB2089. My wife and I have recently purchased our first home on Oahu, and are renting it to guests when we are away for a period of time. We manage these rental arrangements ourselves, to minimize the associated costs. For all guests we have stay at our property, we have quoted and collected the proper Hawaii taxes for those rentals.

Requiring property owners to handle these kind of rentals through a licensed real estate agent will add significant costs to the price of the rental, with the only beneficiary of this increase being the real estate agents. There will be no increase in revenue realized by the State of Hawaii, and very likely there will be a significant decrease, as property owners such as ourselves will be forced to switch to not renting at all, or seeking to potentially move and rent our property long-term. In either case, there will be no General Excise Tax or Transient Accommodation Tax, thus the loss of revenue to the State. Furthermore, this bill would cause significant downward pressure on property values, wreaking havoc on the Hawaiian real estate market and the Hawaiian economy in general.

This legislation stands to benefit a very small group, the real estate agents, and penalize many, many law-abiding home owners. The trickle down impact of this ill-conceived legislation would negatively impact not just us, but all the local people who provide services to our home and the visitors who love and support the local community.

I ask all committee members to not allow SB2089 to pass your committee.

Sincerely,

Jason Dachtler

Our family has been in the islands for 130 years, but many members have scattered to the mainland to work. High property taxes kept most of us from maintaining Hawaii property that we would return to for retirement.

Our solution was to transfer our properties to vacation rentals, which allows us to rent when we're not there, but to return often to visit family and friends still on the islands.

This hasn't been lucrative, nor did we expect it to be. After paying for Property Taxes, Excise taxes, Transient taxes, and repair and upkeep bills, we appreciate being able to do our own searches for suitable renters without paying someone like Destination Resorts.

This also allows us to screen people who would stay at our vacation rentals.

We have been comfortable with our situation for many years, despite added costs which appear often.

SB2089 would be a burden to those in our family. Forcing us to enrich the Hawaii Realtor's Associations for the one thing we are able to do ourselves seems very unfair. Please vote against this bill.

The Tam family

Gentlemen,

I have a second residence on Maui that I enjoy personally with friends and family, and, I also rent on a short term basis. I deal with several individuals that help me with bookings, cleaning and maintenance. I enjoy a very efficient and cost effective relationship with all. And, I pay my taxes promptly.

I strongly object to the proposed requirement that I must use a licensed Real Estate Broker to handle my rental activity. My costs will more than double and adversely affect those that help me. These proposed measures sound like a ploy from the real estate community to expand into other business to offset their sagging real estate revenue. I too am a property owner and know the current disappointing real estate values. Maintaining healthy transient rentals is good business for owners and for the state of Hawaii. I don't think Real Estate Brokers will help.

I strongly object to these proposed measures.

Sincerely,

Donald Rowe  
206-550-7236 (Cell)

I have lived on Maui for 35 yrs and have been working in the cleaning business for 30 of them. I have experience the power and corruption of Vacation Rental Companies in the beginning years. Cleaners were contracted and treated poorly with a three strikes your out attitude. We received no benefits we were expected to work 365 a yr. including holiday with no extra pay. I worked as a head housekeeper who did hiring, firing and schedules for 100 condo. I was told to not even info cleaners when they were let go. The company didn't want to be reported by the cleaner for their misdeeds. Owners units were not very well cared for by these companies who hired the cheapest repairmen they could find so they could add on to their bills. They also over charged for purchases that were made for owners. I also experience problems getting paid when the owners account had no money left in them.

I can assure you that many condo owners will sell or not rent their units rather than go through big company problems again. Many have purchased these condos in recent years to have a small business to run in their retirement years. They get to choose who will stay in their home away from home and for how long. I think it would be more profitable to find another way to make sure owners are paying taxes on income they receive. My owners appreciate me and the good work I do for them. A couple have had rental companies and hired me to check on them in the past.

I would also like to remind you that rental agents are partly responsible for the mess that our Hawaii housing market is experiencing. Between greedy real estate agents and greedy finance companies many of us are paying mortgages on houses that are under water or have lost our houses.

**Sure lets give them another way to get rich off the small people.**

In the 20 yrs I have had a cleaning business with private owners I have not asked the government for help or collected even one day of unemployment. I pay my GET, state and federal taxes. I am a divorced, single woman who raised her children cleaning homes and condos and now as a senior citizen I am still able to take care of myself and not burden the government.

**You will be affecting the livelihood of many hard working productive individuals on a service based island with very few sources of income for mostly high school educated women or less.**

Please find another way to solve this problem.

Sincerely,  
Linda J Neal

Council Members,

I am an independent contractor that relies upon these vacation rental owners to support my cleaning business. I have been doing so for more than 10 years, now. I have 2 small children that I support and clean during the hours that they are in school. I have put my heart and soul into all that I clean and have owners and vacationers that appreciate me.

I strongly oppose a bill that will require vacation rental owners to go through a rental agency. As a cleaner, I have seen first hand what a terrible job they do handling the condos and their employees. They charge the owners so much money and do not appreciate the workers.

The cleaners are forced to have a large quota of condos done in an unreasonable amount of time for very little money. This means, we would get less income to work harder and have condos that are not cleaned well. These cleaners currently have to work 2 or 3 jobs, just to make ends meet. Where does that leave time to spend with our families or be able to provide for them?

Ultimately, you will end up with vacation rentals companies that raise rental rates and people won't be able to afford to travel here.

If these condos owners are forced to go with these rental companies that overcharge, you will no doubt have unhappy guests who choose not to return again the following year. Hawaii is reliant on tourism and should be our number one priority. Without them we would not survive.

Please, do not push this bill through.

Sincerely,  
Anita Cagasan

Senate Committee on Commerce and Consumer Protection

Re: No on SB2089

Dear FIN Committee members, please **VOTE NO ON SB2089!**

SB2089 will place unfair financial burden on property owners.

First of all, I pay my taxes as I'm sure most owners do! I read that taxes are not collected on some 9,000 units, but what percentage is this of all units from which taxes are collected? With this law, you are punishing the majority in order to reach the few!

I have paid thousands of dollars in Transient Accommodations and General Excise taxes over the past nine years of owning my vacation home. I rent out my vacation home as a short-term rental to off-set the costs of owning a vacation home and I work really hard to keep my property booked.

I do employ a property management company; however, if this law passes, I would have to pay additional compensation (*commission on all of my own bookings in addition to any bookings the management company secures*). Currently, I pay a fee on my own bookings and a commission of on the bookings that my property management secures. Historically, I secure more bookings than my management company, yet I pay thousands of dollars to insure my guests have a contact in case of emergencies or for repairs.

This law could force me to change from short-term rentals to long-term rentals, which means I lose revenue and the state of Hawaii loses revenue that TAT would generate! And if this doesn't work to off-set the costs of owning a vacation property, I may be forced to foreclose on my property. If this is something I am considering, other owners are thinking the same thing and what will this do the economy?

Please do not penalize us owners who pay our taxes and contribute to the financial health of Hawaii. If you pass this law, you, would unfairly re-allocate wealth from those who put up the capital and made the investment, to those who passively make income.

**Vote NO on SB2089!**

Mahalo,

Kimberly Bankston-Lee  
Maui Vista Unit 2115  
Kihei, HI 96753



Dear Senator Baker,

I have just heard of SB 2089. I am so concerned about this measure I am writing to share with you some of the concerns I have as a homeowner in Maui.

In the beginning I had a management company. We had an agreement as to how many persons we would accept in a one bedroom, my expectation level of cleaning etc, etc. Well, it did not go well. I had numerous complaints on cleaning, I had a packed unit with way too many people( once a bachelor party) and I had unexplained charges on my phone bill at a time my unit was "supposedly" empty. All in all it was a bad experience. I changed companies and it was no better.

Reluctantly I began renting on my own. Complaints have turned to praises. My cleaner is spotless. I personally speak with each person. I explain all the rules and regulation of the association up front. We are not allowed to have any surf boards, paddle boards, boogie boards, bikes or the like on our lanais. My renters know this. I have personally witnessed shouting between renters and management over such issues. The management companies never tell renters in advance or even at arrival of the complex rules. I never get calls from management due to poor behavior. All in all I have a comfort level that my home will be well treated. Everything is explained up front and there are no surprises. I pay every dime of transient accommodation tax and general excise tax. I file Hawaii tax returns.

We made a substantial investment in purchasing in Maui. Immediately we spent close to \$50,000 on remodeling a 600 sq. ft .unit. We made it extremely nice and we keep it nice.

The idea of someone who has never seen my unit answering an 800 line number and booking anyone in just does not sit well with me. I don't want to be command central to a party group with slopping Maragitas and red wine. I don't want guests disappointed if the unit is not properly cleaned.

I sit on my lanai and watch the cleaners in some of the units. They may be there for 3 hours but 2 are spent on their cell phones and reading magazines on the lanai. They then run through when the linens are done, quickly do a minor clean and leave. At sunset or at the BBQ you then hear the comments from guests as to how disappointed they are in that the unit is not well cleaned. The thought of this going on in our condo is so not acceptable. I just can't tell you how much this would upset me.

Additionally, I do not understand why this new law would only apply to non residents of Hawaii. What is the difference in someone on the Big Island renting a property in Maui than my doing it from Colorado?

I am guessing that part of the intent is to make certain that all the taxes are being paid. I am aware of owners who do not acknowledge their properties are rentals thus avoiding the higher property tax rate and paying the associated rental taxes. It just irks me to death. One owner was caught. I don't think there was a penalty. He paid back taxes and that was that. Not much of an incentive to others. I feel there should be a really big fine, really big, if a person is found to be cheating the existing system. It will only take a few examples to curb that practice.

I don't know why this law has been proposed. My guess is that it will generate income for the real estate industry. At what cost?

Some people will no longer come if these costs are passed on. Tourism generates tremendous revenues for the islands.

Lastly, management companies already charge 30 to 40% plus tack on the extras for cleaning, supplies etc. At what point does that stop? Being forced to use these companies is equivalent to paying protection to the Mob. With an owner having no choice then does the fee go to 45—55 ++ %. The owner has the total costs of purchase, insurance, dues, taxes, utilities and repairs and then must pay out close to 45%. I am not so certain that encourages people such as ourselves to spend hundreds of thousands of dollars in a vacation home. Sales and pricing are not exactly on the rise. As news of this

gets out some owners may choose to sell and individuals may choose not to buy. Is it about the spirit of the law? Is it about helping some Realtors increase their income? For me, it is about the fact that I would no longer be in control of a home I worked incredibly hard to buy, spent endless hours on finding and choosing every aspect of a re-model and then paid a big sum to do it. Remodeling from long distance is impossible. Living in 600 sq. ft. during a remodel was very unpleasant. We did it as we wanted every detail to be on our standards.

If forced to put our home into the hands of strange we will most likely consider selling even in a down market and not returning to Hawaii. I would ask you to consider the very good, responsible owners who take extreme pride in their homes and offer a quality experience to visitors. We have a core group of renters who return every year. They feel a part of our home. They take care of it and think of it as "their" vacation home. We are not unique. There are many such experiences within the rental world.

I would welcome the opportunity to discuss this further with you. My plans are to arrive in Maui on April 14<sup>th</sup>. If possible I would meet with you in Maui or I am happy to fly to Honolulu. I want to be certain that those involved in making this decision are very aware of the concerns and feelings of all the owners this will effect. As this only applies to non-residents none of us are voters. We need to find an avenue to communicate with the decision makers.

Barbara Murray  
970 331-7070 ( Colorado Time)  
[barb@barbmurray.com](mailto:barb@barbmurray.com)  
Owner:  
Unit 105 Waiohuli Beach Hale  
Kihei, Hi.

I am urging you to support the small business owners who provide a beautiful accomodation and courteous support to visitors to the island of Hawaii.

**Please vote in opposition to SB2089 and HB1707.**

It is a good thing that the islands provide many different types of accomodation options for our visitors. Some vacationers are happy with stays at resorts or to go through a group property manager for their rental. Others prefer the different personalized experience of communication and direct support with a caring owner. And a rental owner appreciates the opportunity to interact with the visitors who are going to be in their [second] home and also to share with them what makes their island so special. We work very hard to help our visitors enjoy their vacations, it is because we love to do so and also is obviously in our best interests [of our business] to do that.

I have owned my vacation rental on Maui since 2005. In the first 3 years of ownership I ran my rental through the property managers whose commission was 18%. I made extensive investment to update my property and to keep it well maintained through regular updates as I wanted a superior experience for my guests/visitors. I supplemented my business with advertising which was out of pocket. There were a number of problems affecting the quantity of my bookings, the quality of care of my unit and the overall guest experience. I tried over a 2 year period to work through the proper channels (working with the managers, with the Board and at the owners meetings) with no sustained result. Guidelines for fair distribution of the rentals were not followed, not enforced and records that per the bylaws were to be shared with all rental program members were withheld. In the end I had 3 options, a) consider litigation, b) remain under control of very uncomfortable and unfair situation, or c) manage the property myself.

In 2008 I left the rental program/property management. In the final year of my participation in the property management rental program (2007) my occupancy provided by them was 32%. In the past three years of self management my occupancy rate has increased to 78-80%, and accordingly my GE and TAT contributions to the state of Hawaii have increased very substantially. In my lowest year with the property management company, 2007, revenues were \$29K. Contrast that with my highest grossing year in self management, 2009, my revenues were \$43K. The average of my revenues under the property management company was less than \$30K and the average of my 4 years self managed, even in the down economy was more than \$42K.

**The result has been 40% higher tax collections and tax payments to the State of Hawaii.**

My guest comments are very favorable and available for you to review. **I have no doubt that their experience in coming to Hawaii has been at least as good as it was when I was formerly working with the property management company.**

Before I self managed I felt regular frustration (with how my situation was handled by property managers and the board) and also I was not able to cover my high costs of ownership (ie after paying 18% of my gross proceeds, the remaining balance did not cover the costs of mortgage, homeowner fees, GE/TAT, insurances, property taxes, utilities, etc.). With the economic and housing market downturn I was locked into this unpleasant situation since I could not sell the property for what I've paid for it.

Now that I self manage I am happy, more secure in my financial future and am not disappointed when I come to Maui and see the condition of my property as I am now in control of how it is maintained and how it is used by my guests.

I have used my "savings" from formerly paying property managers to support the local economy of Hawaii. Last year for example, upgraded the kitchen with appliances and hardware purchased

locally, installed by local labor. I pay my local housekeeper a salary above average/former housekeeping costs due to her exceptional service. I make updates to my unit annually to provide the best possible accommodation.

I immediately registered for my tax ID (2005) and have always been happy to pay my taxes. I do not require coercion. Today I am able to provide the best possible experience for our visitors to Hawaii, to provide the highest tax receipts for the state of Hawaii, and can afford to keep my rental as a place where good memories are made for my guests.

**The net of all this:**

- 1) Higher proceeds to the state (significantly)**
- 2) Happy guests and more options for visitors to the state**
- 3) Happy and motivated small business owner who does not feel afraid to lose their property due to inability to manage income/costs/investment**
- 4) Superior market for Hawaii real estate since I and others like me can afford to keep our properties**

Thank you for taking the time to read and consider this note. We appreciate your help and concern for Hawaii's small business owners.

Mahalo,

Elen Stoops

Dear Committee

I am writing to you regarding SB2089. I understand it is scheduled to be reviewed on February 28 in Conference Room 299 for Amendment.

I urge you to vote against this initiative. I am an Owner at the Grand Champions on Maui. Since I bought this property, our country as a whole has gone through some of the worst economic times we have seen since the Great Depression.

My personal situation has changed to the extent that if I had to hire a full time management company and pay them 25-40% of my collected rental fees, I would probably end up losing my property to foreclosure. There is just no way I could subsidize the loss of rents that would inevitably follow the passage of this legislation. Property values on our islands have already been hurt severely by the popping of the real estate bubble. Please don't vote for a bill which will so severely hurt owners, such as myself, who are already struggling to keep our property heads above water.

In addition, I would like to point out that I currently pay thousands of dollars annually in tax for each guest who stays with me, as required. We have never had a complaint, and have many repeating guests, many of whom have become friends over the past years. Also, we have a team of professionals who would be put out of work if such legislation passes, which would also be to the detriment of Maui's overall citizenry.

If you or your staff would like to discuss this further, call on me anytime, my personal cell number is listed below.

Thank you for considering all the sides to this issue and thank you for your service to the State of Hawaii.

Much Aloha,  
Charles Cannon

Charles S. Cannon  
Shallwemaui.com

[charlie@shallwemaui.com](mailto:charlie@shallwemaui.com)

[www.shallwemaui.com](http://www.shallwemaui.com)

Cell: 503.260.0607

Fax: 866.464.7115

Aloha Senator Baker,

I am crying as I write this because it seems clear that the state of Hawaii is about to force me to lose my vacation home and eventual retirement home with the passage of either HB1707 or SB2089. Many of us who own single condos or homes and rent them in order to pay for them will be effected this way. We were not invited or informed of these hearings and many have only heard about them in the last two days. We have been emailing and signing petitions like the one below but have been informed that the various representatives don't have time to read through all the emails and will not take our concerns into consideration. If you want a sampling you can read the comments about why people signed the petition.

<http://www.change.org/petitions/the-governor-of-hi-stop-bill-hb1707-transient-rentals-to-be-rented-by-licensed-agents-only>

I bought my condo with money from my grandmother, planning on renting it out as a vacation rental until I could retire there in 5 or so years. I have diligently rented it for 2 years, this year being the first year I actually made a \$2,000 profit. I have paid all of my taxes on time. I have created wonderful relationships with the tenants who have rented from me and have provided excellent individualized service to them. I have an on-island representative who is available for emergencies as am I. During the 2011 tsunami I was in contact with my tenants several times to assure their safety and that they knew what to do. If I am forced to hire a rental management company to run my very small business I will either have to take it off the vacation market all together (since I could not afford the fees) or will have to sell it. Many of the owners who I have been in contact with during the last two days are facing the same decisions.

This would impact the net tax income in Hawaii in that you would no longer be receiving taxes from our rentals (since we are the good guys who ARE paying our taxes) nor would the islands be receiving income from the lost tenants, as the available and affordable rental market will decrease dramatically.

The idea that by forcing legitimate owners to give their businesses over to other managers will cause those who are renting their condos illegitimately to suddenly pay their taxes or get caught is ludicrous. What this bill is doing is penalizing those of us who are doing a good job of bringing happy visitors to the islands. Those who are not paying taxes will continue to work underground and illegally and this bill will not stop them. Do you actually think they are going to suddenly show up at a rental management office and ask for someone to rent their units for them, since they have been not paying taxes? I highly doubt it. If you can't find who is doing this now, you will never find them with this law.

I imagine you will not even read this because my single voice will not be as important to you as the voices of the powerful rental management companies. That saddens me immensely. Maybe though it is all for the best and I should just sell my condo and buy something somewhere where my hard work and contribution to the economy is valued and appreciated.

I hope you will at least take the time to view the attached petition and read some of the comments from owners and tenants so you can have a more balanced view on this issue.

Thank you if you have even read this far.

Sincerely,

Marsha Vaughn

Owner Kihei Garden Estates

Kihei, Maui, HI

Want to vacation in Maui? See <http://www.vrbo.com/286378>

Take time to laugh. It is the music of the soul.

2/24/12

Aloha Senate Representatives of the great State of Hawaii,

I strongly oppose SB 2089 and HB 1706. I have owned properties on Maui for 9 years that I rent out as short-term vacation rentals. I am licensed with the State of Hawaii and have GE/TA tax numbers. I am paying in approximately \$20,000 a year into the Hawaii State Tax revenue system. These bills are penalizing non-resident owners like me that are paying our taxes and following the letter of the law. Hawaii already has laws in place for owners that are not compliant with paying their GE/TA taxes. We don't need additional laws that are only going to hurt the economy. What you are trying to do is actually un-constitutional.

Please don't penalize those that are paying our taxes. If these bills pass, a lot of owners like me will be forced out of business and into foreclosure which will not generate more tax revenues to the State of Hawaii. This bill is written to favor a few real estate companies in the islands that charge exorbitant commissions for handling bookings. These commissions will negatively impact non-resident owners who already have a caretaker and maintenance person overseeing their properties. Also, property managers don't maintain our properties very well. They put un-screened guests into our units that trash the place and de-value our investment in Hawaii. This bill is only going to drive away the tens of thousands of visitors that rent directly from owners because they have a positive experience and save some money on the nightly rates which allows more families to visit Hawaii which generates more revenue for the state. This bill will force thousands of non-resident owners to sell their investments in Hawaii or go in to foreclosure. We are all barely making it as it is. If we are forced to pay 25 - 50% commissions for lackluster services, most of us will have to cash out and re-invest our money somewhere else. So, I ask you, how does this help the economy in Hawaii which is already so fragile?

Please oppose SB 2089 and HB 1706 and use the laws that are already in place to receive tax revenues that are not being paid.

Mahalo Nui,

Tim Hailey

[mauihail@gmail.com](mailto:mauihail@gmail.com)

530-545-1517



I, Bill Mittermann , would like to testify that I am opposed to SB 2089, requiring vacation rental owners to add a middleman to the rental process. The increased cost of renting that will result would probably cut in half the amount of trips I take to the islands. I will not be able to testify in person

Sincerely,

Bill Mittermann  
Feb. 24, 2012

Aloha,

I want to voice my opinion against proposed legislation to have only Lic agents be authorized to operate vrbo's. I am a 35 year resident, a retired carpenter who owns and operates a vrbo. This is part of my retirement income and any legislation would end my business. New laws like this would also hurt property values. We need to stop infringing on our liberties and freedom to pursue happiness according to our constitution.

Joseph Bock      Lahaina, Hi

Dear Chairs, Vice-Chairs and Members of the Committees:

Turning over our homes to Real Estate Agents is unthinkable. I would sooner stop renting or sell my property before I'd let them take control. From what I've seen, they hire transients, increasing the risk of theft from our homes (and guests) once they have access; I'll never know who has access to my home. They rent to guests who think of our property as they would a hotel that they can trash without consequence. This proposal forbids the personal experience I give my guests. I did not buy my property in Kauai'i with this scenario in mind.

This is my home! I deserve control over who has access and who rents from me. I make a point of having a personal relationship with each and every guest before I ever accept their money. I help them plan their vacation. I get a great deal of satisfaction when I hear how much they enjoy my property and how fun their vacation is. I selected my housekeeper very carefully, and know she is trustworthy and hard-working and the only person who has access to my property. Now, you want to take that away! I will not let you. It will not happen; whatever my legal recourse, the state will lose my GA/TAT taxes if this bill becomes law as written, even if it means I have to change my retirement plans dramatically (and not retire in Hawai'i).

Claims of Property Managers "take" range from 15% (from the Property Managers) to 50% (by the owners). My personal experience is that: while their base percentage is closer to 20% to 30%, when they add on all their additional fees it becomes half my revenue. This makes no sense: this bill would have me lose half my revenue to assure that I'm paying the 13.42% taxes that I'm already paying? This is unreasonable by anybody's measure. This will put more property on the market, in an economic climate where prices have already plummeted, and decrease lodging availability with fewer available rentals, and decrease the state tax revenues; the opposite of the intended effect.

The demise of property managers is inevitable in the evolution of capitalism with the Internet: removing the "middle man". The Internet has made it possible for many new small businesses to be created where none previously could have existed. In this case, it has allowed middle-class folks like me to fund a future retirement in Hawai'i with a small vacation rental business to offset costs. This business model works efficiently as is. The intrusion proposed by this bill would completely destroy this business model.

As a Democrat, I often have to justify "unnecessary regulation, choking small businesses, spurned by special interest"... one of the Republican's favorite jabs in their arsenal. But, in this case, we don't have a valid justification; we've gone too far in obviously trying to give the Real Estate Lobby a new revenue

stream, while creating a devastating burden on the small business owner.

An analogy: Internet sales have also decreased sales tax revenue (much more than transient accommodation tax). A similar argument/request could come from the brick-and-mortar stores, whose sales have declined due to Internet sales, requiring all on-island Internet sales go through them. They too must realize that the Internet has changed how the economy works, and it would be ridiculous to mandate the same sort of revenue stream you're promising the Property Managers to revive a dead "middle man" in the name of recouping whatever taxes aren't currently being paid.

Tax revenue is understandably important, but I don't think such a heavy burden on current small business revenue is warranted. There are other ways to find the tax cheats. For example, correlate the address information arriving visitors claim (when entering the state) with ownership and TAT/GA records... simple programming to find folks who aren't paying taxes... there is other data you already have that you could mine to find similar information. If somebody is paying less than their neighbor's taxes, you could look on their VRBO or FlipKey advertising pages for their calendars and rates, and see if it jibes with what they are paying in taxes (knowing that discounts are often given to attract guests... for example, my average charge per day in 2011 was just over \$150/night, while my regular rate is as high as \$195/night)... i.e. two equally valued properties in the same area should be paying equivalent taxes proportional to their calendar derived occupancy.

As with most homeowners these days, we're "under water": my mortgage exceeds the properties worth, but I continue to pay. As with most vacation rentals, even though I run the business myself, I cannot come close to break-even in the current economy. My justification for being in this business is that I truly enjoy helping people have a great vacation... now, you want to take that away and increase my losses significantly.

Local emergency numbers are important too. I do have two people on-island whose numbers I provide to my guests and are available 24/7 should disaster strike (and it has, once). This is important, and I'm not against a regulation that there be a local emergency number for guests to call. I think this too can be regulated without destroying the currently working business model as proposed.

Before ruining my business, I plea that you gather empirical data on the claims being made against our business model. How much tax is being lost? How much could be recovered with this solution? How much tax revenue will be lost by this solution? How much revenue could be recovered/lost via other solutions? How much will this solution really cost our small businesses? How much will this effect the price paid by guests (when the supply of rentals

decrease)? How many vacation rentals will go up for sale? How will the glut of new properties on the already depressed real estate market further effect prices? How will the lower property values caused by this bill effect property tax revenues? I think having some understanding of the effects of this bill is important before writing it into law. Anecdotes and conjecture are plentiful, but need evidence to back them up or discount them.

You're not only taking away my ability to do business, you're taking away the one job I enjoy, and destroying my retirement plans. You should seriously consider the effects this bill will have, and vote against it.

Sincerely,

Chris Worley

I AM OPPOSED TO SB 2089. This takes away the rights of many owners who do not live on the island or are not full time residents. Again Government trying to over reach and take away an individual's rights. Let the market decide who it wants to rent from. There are some owners that already use agents. Establish rules that those that rent must follow but do not force them to have to go through an agent. Many owners would suffer a loss if they have to pay the fees many agents charge. It would be forcing some owners to pay for a service they do not need. If I have a condo to rent then I should not have to pay a fee to an agent. I own condos in Hawaii, South Carolina and Texas. Only Hawaii could come up with such a one sided law. I wonder what real estate company made a donation to the sponsors of the bill?

Damian Ameen  
92-104 Waialii Place  
O-223  
Kapolei, HI 96707

Most Honorable Chairwoman Baker and Committee Members,

Please see attached my testimony on SB 2089. This bill, while primarily directed at non-resident property owners who are apparently breaking the law by not collecting and/or submitting taxes on transient accommodations, will in fact have very serious deleterious impacts on the vacation rental business in Hawaii. I would suggest to you that those who are breaking the law are not in fact non-resident property owners but more likely resident property owners who are skirting the laws.

Non-resident property owners like me typically have only one property and we manage that property ourselves through websites like VRBO.com. Inserting a local realtor between us and our guests will add enormous costs and will likely result in shoddy customer care as they cannot possibly provide the very personal care and attention that we do. This is changing the rules under which we purchased property in Hawaii and will cause us significant monetary harm while doing absolutely nothing to enhance the state's revenues.

You should be aware that this is a thinly disguised effort on behalf of the local realtors to either put us completely out of business or to skim a very hefty proportion of our revenues for their "services." I believe we VRBO owners offer a better quality experience for our guests with the personal care and attention that we devote to them. Speaking strictly for our experience, NOT ONE DIME of the funds that we receive from our guests leaves Hawaii. It pays for association dues, lease fees, taxes, utilities, housekeeping, on-island representative, repairs and maintenance and nothing more. That is why we can offer a better experience for our guests for less money than it might otherwise cost them and that brings more tourism dollars to our second home state.

Please do not pass this bill. It is a slap in the face to us responsible "non-resident" property owners and will likely shut hundreds if not thousands of us down.

Sincerely,

Meera Kohler  
[mkohler@avec.org](mailto:mkohler@avec.org)  
[AuroraSands@gci.net](mailto:AuroraSands@gci.net)  
(907) 952-6161

My husband and I are cond-owners in Kihei, Maui. We have owned our unit for 8 years and rent it part-time and live there for three months or more a year. We rent the unit only to responsible people and have not had a single incident in our unit of abuse of the rules of the association since we purchased it. We resent having the government say that someone else that is licensed needs to manage our unit. We do a much better job, we have a manager there on island as mandated, we have neighbors/friends that live nearby that also watch our unit, we pay every cent of taxes that we are told we need to pay, we invite the government to take a look at our books at any time.

Because it is our own unit, we should have a say who manages it as long as we are responsible. I understand that other unit owners do not follow the rules, but all owners I have met are very meticulous in their care of their unit as well as in their bookkeeping.

Thank you.



To whom this may concern,

I am Opposed to SB 2089. As an owner of two vacation homes in the state, I stand to incur a serious financial crisis should this bill be passed. With real estate values depressed and our current struggling economy, this is not the time to be limiting who may rent out vacation rental properties.

I was on the verge of foreclosure, barely able to make my mortgage payments until I took on the rental and management of my own units. I have an on island friend to assist me with needs when I am not on island. With the 42% savings of what I am not paying my rental company, I now use that money toward the mortgage. I am just hanging on and even to pay out 15 or 20% to a property rental company would put me in foreclosure.

I wonder how many other vacation property owners are in my same predicament. I presently collect and pay all related TA and GET taxes to the state as required by law. If I lose this properties to foreclosure, the income to the state from this taxes will be gone.

The property owners, the vacation rental guests, and the State of Hawaii all lose with this bill. The only benefit will be to the property managers.

Please DO NOT SUPPORT this bill.

Repectfully,  
James R. Sadler

Regarding SB 2089

Testifier position: Oppose

Testifier will be present: No

Submitted by: Geoffrey Scotton

Organization: Individual

Submitted on: 2/25/2012

Comments:

I purchased and have been operating a legal short rental condominium property in the Kaanapali resort area of Maui 10 years ago. Since that time I have faithfully remitted almost \$50,000 in TA and GE taxes. We provide for on-site maintenance staff through the association, full access to front desk check-in facilities and hotel bell services and a superior quality of cleaning services with a local small business. We have continuously invested in upgrades to the unit to the extent of \$150,000 invested with work and material through local businesses. I find the suggestion by this bill that independent short term rental owners are scofflaws w.r.t. both remittance of due taxes and offering an inferior accommodation service, to be nothing short of offensive. Also, a short call with ANY of our guests would refute that management company claims that insufficient "aloha spirit" is at play here. The very high number of returning guests, occupancy over 90% and being booked up a over a year in advance are all indicative that this is the service that regular Hawaii visitors are looking for.

This law will change a business operation that is now operating in the black and many years of investment. That will no longer be the case if this bill is approved. I, like many other owners, will not be able to sustain the additional 30-40% "fees" applied for what I am already doing. Undoubtedly this will have a devastating effect on both the local real-estate market and small-businesses those service these units.

Please recognize that this proposed law is a self-serving attempt by property managers to quash a legitimate competitive business. For this reason, I humbly request that you reject this measure.

Respectfully yours

Geoff Scotton

I have recently been made aware of the proposed Senate Bill 2089, which would require all non-resident Hawaii homeowners who rent their property from time to time to employ a PROPERTY MANAGER approved by the state bureaucrats.

This bill is obviously designed to impact the well-known internet providers of rental services who do not currently pay tribute to the State of Hawaii (VRBO; Homeaway; etc). Since taxing them directly is legally challenging, this bill would require them to become State “certified”...whatever that may mean. No doubt the bill is an attempt to capture additional tax revenue and administrative fees from those firms and others as they become “certified”, and/or to reward legacy Hawaiian companies who would then enjoy a competitive advantage provided by the Senate.

Since owners in Hawaii already pay some of the highest rental and real estate taxes in the world (Gen Excise / Transient Tax / Property Tax).....it is disgusting to see the Hawaiian legislature stoop to such underhanded and greedy tactics. Those that support this bill need to explain “why”.....if they can do so.

Please inform your colleagues in Honolulu that many of us will personally take toll of the legislative votes cast “FOR” this bill, and will work diligently to help those individuals to find “alternative employment” outside the public sector as soon as possible. Perhaps my friends at CBS/60 minutes would be interested in an in-depth look and some interviews.....

CD Walker  
Kapolei

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Darrell  
Organization: Individual  
E-mail: [darrell51@comcast.net](mailto:darrell51@comcast.net)  
Submitted on: 2/24/2012

Comments:

I oppose this bill. I agree that an off Island property owner needs to hire a local resident to manage the house. I do not feel that I should be required to hire a real estate agent to do this for me.

Before I hired my neighbor to watch my house while I am away, I had an agent do this for me. When I emailed him with a concern about my house, emailed back and said he was at a trade show in Japan. He didn't even mention to me that he was going to leave.

When my neighbor took a vacation last year, she told me ahead of time and made a plan that worked out for both of us. As a side note, I let her son stay in my attached apartment at a very reduced rent and he takes care of the yard and plants everyday.

Lastly, this bill does not seem fair that you will punish off Island residents. I plan to live full time in Oahu in the near future and this bill makes me feel unwelcome or an outsider. I think dishonest people will not pay their taxes regardless if they are local or off Island.

Thank you for reading my letter.

Darrell

If bill SB 2089 passes, I will be forced to sell my condo. I just break even as it is. I pay a mortgage, aoao fees, insurances, property taxes, maintenance fees, utilities, etc. I cannot afford to pay a management company 25% to 40%. If we raise our rates, it will cut back tourism and the dollars that they bring to Hawaii.

As property owners, we are some of your greatest ambassadors promoting tourism for the State of Hawaii. We give personal service that cannot be achieved through a management company. That is why we have so many repeat renters.

Please consider the consequences of passing this bill. There would be many owners just like myself that would have to sell. That would flood the market, bring down property values, which in turn would lower property taxes. I can see this snowball effect costing the State of Hawaii millions of dollars.

I urge you not to pass SB 2089.

Thank you,

Karen Veneziano

[Sumyskys117@hotmail.com](mailto:Sumyskys117@hotmail.com)

I have been in all facets of the real estate business over 40 years. I also have had a vacation rental of my own for over 15 years. I've lived in Hawaii for 25 years. Like so many things these days in Hawaii, legislation seems to be a reaction to a problem that by the time the government catches up with the problem, it no longer exists. I strongly believe that vacation rentals should never have been allowed in residential areas to begin with, but now that we have realized the problems created by lack of PLANNING, band-aid solutions that in themselves are hastily or conceived by someone who was either negatively affected by this lack of planning, or is somehow able to profit from the restrictions in the legislation. In the CURRENT market, anything you do that makes a property more expensive to manage has the potential to create more problems than it solves. I've seen the lack of attention the licensed real estate management companies provide. I think the personality of a real estate agent is the opposite of the one needed to manage real estate. I believe the out-of-state owners are doing a better job managing their own properties than most agents would ever do. No one is making money on these properties, unless they got into the market 20 years ago and if they did, their properties are aging and require boat loads of money to maintain. If you add another layer of cost to them, they'll simply walk away. Or they'll try to pass the cost on to the end-user, which will drive the cost up to the point where that user decides to go somewhere less expensive. Its a fragile situation that could be made far worse if this passes. If someone is not paying their taxes, then shut them down. Its easy enough to find out who is renting their places and back track that to the property ownership records. You might actually give someone one chance and produce income for the state rather than chase it away.

I think you need to put yourself in the shoes of the owner or the guests who come to Hawaii. This is a tourist economy. We need to embrace it and not chase it away. That doesn't mean it shouldn't be better regulated, but I strongly believe that this legislation will be the straw that breaks the back of the individual/part time owner in Hawaii and have a backlash on the community that will further reduce income to the state and those people currently employed to help these owners manage the property (i.e.: the little guy: the maids, the gardeners, the maintenance men, etc.)

Please be mindful of the negative effect this legislation will surely have on an already severely teetering economy.

Sincerely,  
Debra Trenton  
Property Owner, registered voter and long-time resident of Hawaii  
Poipu, Hawaii  
808-639-2202

I am writing to voice my opposition to Senate Bill #2089 which requires out of State property owners to use a licensed Real Estate agent to rent their properties and handle all funds. I presume the intent of this bill is to ensure that all Transit Accommodation and Gross Excise taxes are paid. I agree that that is a good goal but your bill is discriminatory to out of state owners. Why not punish the people who do not pay the taxes? You can do this by putting the fear of God in them by raising the non-compliant fine to Ten Thousand dollars. Couple that with a 10% whistle blowers reward and that will put additional fear into non-compliance. This fine would include all persons subject to paying the gross excise tax include handymen who insist on being paid in cash for their services.

Thank you for considering my viewpoint.

Thomas G. O'Leary, a longtime resident

I have been in tall facets of the real estate business over 40 years. I also have had a vacation rental of my own for over 15 years. I've lived in Hawaii for 25 years. Like so many things these days in Hawaii, legislation seems to be a reaction to a problem that by the time the government catches up with the problem, it no longer exists. I strongly believe that vacation rentals should never have been allowed in residential areas to begin with, but now that we have realized the problems created by lack of PLANNING, band-aid solutions that in themselves are hastily or conceived by someone who was either negatively affected by this lack of planning, or is somehow able to profit from the restrictions in the legislation. In the CURRENT market, anything you do that makes a property more expensive to manage has the potential to create more problems than its solves. I've seen the lack of attention the licensed real estate management companies provide. I think the personality of a real estate agent is the opposite of the one needed to manage real estate. I believe the out-of-state owners are doing a better job managing their own properties than most agents would ever do. No one is making money on these properties, unless they got into the market 20 years ago and if they did, their properties are aging and require boat loads of money to maintain. If you add another layer of cost to them, they'll simply walk away. Or they'll try to pass the cost on to the end-user, which will drive the cost up to the point where that user decides to go somewhere less expensive. Its a fragile situation that could be made far worse if this passes. If someone is no paying their taxes, then shut them down. Its easy enough to find out who is renting their places and back track that to the property ownership records. You might actually give someone one chance and produce income for the state rather than chase it away.

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Please be mindful of the negative effect this legislation will surely have on an already severely teetering economy.

Sincerely,  
Debra Trenton  
Property Owner, registered voter and long-time resident of Hawaii  
Poipu, Hawaii  
808-639-2202



# INDIVIDUALS: NON-RESIDENTS

egarding SB 2089

Testifier position: Oppose

Testifier will be present: No

Submitted by: Adele Moresco

Organization: Individual

Submitted on: 2/24/2012

Comments: I feel that SB 2089 will do nothing to help tourism in Hawaii; in fact, it will hurt tourism if rental prices are raised. My family returns to Hawaii often because renting through an individual owner is far more affordable than using an agent.

We are opposed to condo owners being forced to hire property managers. If this causes an increase in rental fees - rest assured we will not be returning to Hawaii!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: CB Snow

Organization: Individual

E-mail: [cbsnow@npgcable.com](mailto:cbsnow@npgcable.com)

Submitted on: 2/24/2012

Comments:

My wife and I are annual visitors to the Aloha State and we estimate we spend \$5,000 to \$10,000 each year on Maui, Oahu, Kauai or Big Island every year. We frequently use VRBO or other direct from owner web sites to book condos and our experience has been excellent that way - please do NOT spoil a system that works just to line the pockets of local real-estate brokers.

Mahalo!

CB & B Snow

Sedona, Arizona, USA

To Whom it May Concern,

I spend an excellent and very memorable 2 week vacation in December 2011 at a condominium in Kauai which was rented directly from the owner using the VRBO website.

The cost savings and excellent service that comes with dealing directly with the owner of a rented property is the reason I keep returning to Hawaii. I have always paid the applicable taxes during these rental transactions. If the owners are forced to deal with a professional middle man, I am sure the prices would increase and this would be enough for me to seek an alternative location for my winter vacations.

Sincerely,

Boris Petriw  
Edmonton, Alberta, Canada  
780-430-7104

Greetings

Our family of four visits Maui once or twice a year. Each time we visit we have stayed at a condo that we rented directly from the owner. We have had nothing, but positive experiences. In addition, as a family we are looking for good value when we vacation. We would definitely have to reconsider vacationing in Maui if the housing costs were to increase by 25%-40%. We believe the current system works well. We do not support the proposed legislation.

Scott Izutsu

State of Washington

As a family we have used Home Away and VBO to rent condos directly from owners in Hawaii for the past 3 years. We have been very pleased with the personal touch provided by the owners of these condos and had planned to return again this fall. We understand this bill would require properties to be managed by property management companies.

Having just returned from Florida renting a property managed by a company, we found a considerable difference in our experience. It was far too much like renting a hotel room, with no personal relationship developed with the owner. The home did not have the same home like climate that we have so enjoyed with the places we have rented in Hawaii. This bill could certainly make us reconsider our returning to the islands.

Judie Bilderback Taylor

To whom it may concern.

We oppose Bill 2089.

This bill will increase the cost of rentals (by as much as 45%). This will mean that we can no longer take trips to the Islands as often as we would like.

Our experiences with VRBO have been very positive and we want them to continue to be available to us.

Please consider our concern.

Sincerely  
Jim and Clare Abrahamson  
21 Tanyard ct.  
Chapel Hill, NC 27517



Opposed to SB 2089

If this bill passes, the cost of renting the same condo I always rent could (would) be 25% to 40% more! I much prefer renting from the owner because it has always been a pleasant, positive and GOOD experience. I will have to rethink my visits to Hawaii if this bill passes. AND the owner paid tax when he rented to me!

Sincerely,  
Timothy R. Wood

Opposed to SB 2089

If this bill passes, the cost of renting the same condo I always rent could (would) be 25% to 40% more! I much prefer renting from the owner because it has always been a pleasant, positive and GOOD experience. I will have to rethink my visits to Hawaii if this bill passes. AND the owner paid tax when he rented to me!

Sincerely,  
Timothy R. Wood

Please do NOT pass this bill. Do you realize what this will do to those of us who rent directly from owners today? Yes, it WILL significantly increase our cost of coming to Hawaii, and will make it difficult, if not impossible for us to afford coming to Hawaii. Do you realize what you are doing? We have been annual visitors to Hawaii for the last 20+ years, but this bill could put an end to this real fast.

This is fiscal insanity for your state.

Jerry Larson  
Rancho Murieta, CA 95683

Your attention please ;

I was a first time visitor to Kauai this past month. Always wanted to go, and finally succumbed to drain some of my savings account for my fiance and I for a brief period of enjoyment. Which, is in fact what i did. DRAIN IT.

The Kauai experience was nevertheless joyful all except for the mishandled joke on what it is to be a tourist there. Food, activities and just shopping to say the least of which i should have made it easy for indigenous vendors and sprayed a stencil on my back exclaiming "Tourist".

So be it.

NOW, you want to raise rates on Condo owners and demand a controlling entity in which to provide an un-needed service? Quaint.

My experience with my temporary landlord was about the only thing that was wallet friendly and would actually keep me coming back. Despite the beauty of the local landscape, I've now been there and done that.

Feel free to take it one step further and shove myself and others into trying other hot spots on planet earth. Been aching to check out the Bahamas, Rio and Fiji to name a few.

Try and learn a lesson from Netflix.com ( google it).

Greed will bury your tourist industry and be the final nail in the coffin for someone like myself who counts on an affordable place to reside while visiting. THESE rates will in fact be augmented to offset what you are trying to implement to property owners who don't need some outside regime to manage "their own" property.

Like the Netflix people . . . You will see the error of your assertive effort, and retort back to what will be an unsuccessful attempt to gain an already lost tourist/customer base.

DON'T make this mistake. I for one would love to revisit the beautiful garden isle - but this past trip was cutting edge on my wallets sanity.

Thank you for your attention.

-Rick Misisco  
Los Angeles, CA

TO WHOM IT MAY CONCERN:

I have become aware of the new imposing tax for Condo property managers to be hired in lieu of individual owners. I found this to be absolutely outrageous and unfair. Vacation renters already pay taxes on their rentals. My rental experience was wonderful without a third party.

One can only wonder what kind of people want to tax-out people who rent a condo for vacation, relaxation, and fun.

Are we not allowed to select our choice of vacation, without the experience of more heavy taxation for your profit.

We as citizens are losing our rights and choices at the hands of persons which only want to use vacationing families to collect more money.

PLEASE RECONSIDER THIS BILL.

Deborah A. Miller

To Legislators:

My name is Alice Glasser and I have been renting condos from owners and from Kauai property management firms for over 30 years as we visit the island of Kauai for almost a month every year since 1979. I want to say how opposed I am to SB 2089 because my experience is that the owner managed properties are MUCH better.

When owners manage the property, we find the condo in better shape and better equipped. The last time we used a rental management firm we arrived to find the condo dirty, with dead bugs all over the floors. When we called to complain, they were anything but helpful! We cleaned it ourselves.

Please reconsider this bill which favors the rental firms that do not in any way offer superior service, just pricier services that may keep tourists away.

Sincerely,

Alice Glasser  
Jesse Thompson

LA, CA

My husband and I are frequent visitors to Hawaii (2 - 3 times per year) and more often than not, we rent a condo through a private owner. Every experience we have in your great state is made even better by the accommodations we have visited - I find that private owners take much more pride in their homes and their guests overall stay in Hawaii. I have always paid appropriate Hawaii State taxes and fees, and feel I received better service from a private owner than from a property manager.

I hope you do not pass the bills which will force private owners to rent their properties through real estate agents or high priced property managers. I unable to visit Hawaii as often due to the increase price - it will overall impact my choice of vacation - and I will likely have to go elsewhere.

Sincerly,

Robin Ripley  
Riverside, CA

February 24, 2012

Re: SB2089

Aloha,

We are writing to you from Molokai as we visit one of your beautiful islands. We are from Tennessee, and this trip will include visits to Maui, Molokai and Hawaii. This is our fourth trip to the islands, and we hope to be able to visit many more times in the future.

SB2089 has come to our attention, and we would like to respectfully submit our testimony concerning dealing with owners of short term rental properties in Hawaii. Over the last ten years we have visited every island that is open to visitors other than Lanai. During that time we have dealt almost exclusively with owners when making arrangements for a place to stay. Not only have these owners always been helpful, honest, and reasonable when dealing with us, but they have also been extremely mindful of going beyond just the business transaction by recommending local establishments and providing contact numbers in case we have any questions. They have truly exhibited the "Aloha" spirit in every way!

If SB2089 is passed and pulls the management of their own properties out of the hands of owners like the ones we have dealt with over and over, we may be unable to visit the islands as often and with the ease that we have experienced in the past. Higher fees due to management costs and not being able to deal directly with owners who have the greatest stake in seeing their properties occupied will undoubtedly have a negative effect on tourism in your state.

We love the islands, and have seriously considered buying a condo property in Hawaii in the future. The passage of SB2089 would discourage us from buying due to the higher fees involved in renting out a property to help cover our costs.

Thank you for taking the time to read our testimony on this important issue.

Vernon and Tammy Martzin  
245 Highland Hills Drive  
Gray, Tennessee 37615  
Cell phone: 1-423-747-1000

To whom it may concern,

We are opposed to SB 2089. If the costs would be 25% - 40% more for renting the same condo, we would rather stay in California or visit Mexico. We loved being able to rent directly from the owner and enjoyed ourselves immensely. We don't know why you would want to add more tax when we already paid tax directly to the owner when we rent directly from them every year. We hope you take this information into consideration.

Teri and Jim Coker

I am a frequent visitor to Hawaii and have enjoyed the beauty of the islands and the hospitality of the people. I am surprised that the state is attempting to place all rental properties with property management companies. There are many private individuals both in Hawaii and on the Mainland who own and manage vacation rentals. I have rented condominiums from property management companies, large hotel corporations and private individuals. I prefer the private individual as I have only had good experiences this way. I have also ALWAYS been charged the proper taxes. With the economy at a low, and airline fares on the rise, my ability to visit Hawaii is already questionable. If I have to pay even 20% more for lodging, I would reconsider such a vacation. I am opposed to SB2089. Karen Oyama Oregon resident

Arguments for SB2089:

1. Loss revenue from non-reporting income from rentals or incorrect reporting of income by both resident and off-island property owners.
2. Lack of proper on-island representation to assist guests with issues arising from lack of on-call personnel.

Argument against SB2089:

1. Bill imposes a new tax collector (licensed property manager) to collect rents and taxes and forwarding taxes.
2. Bill discriminates against all off-island owners and is deemed unconstitutional since it violates both commerce clause and equal treatment by specifying the use of licensed property managers to private property owners renting their own property.
3. Bill does not have any mechanism to identify the real owners operating illegal transient vacation rentals who don't pay taxes since they are illegal. The bill imposes a heavy burden estimated of more than 30% additional expenses to all off-island TVR property owners thus will force more owners into foreclosures or lower real estate values.
4. I am a Private property owner using Internet to do the proper client processing, collecting rents (and associated GE/TAT taxes) and corresponding. I have a local on-call property manager, but I pay property management fee, cleaning services, gardening and other maintenance. I report and pay the collected taxes to the appropriate authorities using the normal schedules. I file and pay federal taxes, California and Hawaii income and real estate taxes and pay invoices for service using local companies. As such I have active income rather than passive income associated with my Hawaii house. I keep my own books and do my own tax preparation. I value my relationship with my clients and provide a filter on clients to respect my neighbors privacy. My property is well maintained. To date I have not found a property manager who respects my client's information or provides the personal touch with my clients. Therefore I provide these services. As a private proper property owner I have the basic right to rent my house without hiring out this personalized service. Your bill will wreck my business and do a disservice to my neighbors. I feel that the bill does not satisfy your needs and violates my personal property rights for the special advantage of the large property management firms. For these reasons I implore you to not let this bill go forward.

Respectfully, Bruce Newnan, 1282 Shasta Ave, San Jose, CA 95126, 408 489-1023

We have stayed at the same condo twice so far... at Kuhio Shores. We have had wonderful vacations there. We have always had a pleasant experience dealing directly with the owner of our condo. The amount of money we payed, tax included seemed to be very fair. We look forward to a return and to interacting with the owner herself!

Thankyou

Jack and Tammy Anfang

Bath, OH

To whom it may concern,

I would like to say that I am absolutely OPPOSED to SB 2089.

We have rented in Hawaii for over 25 years. We have rented both through management companies and individuals, opting to only rent through individuals for the level of service and quality.

The owner of the condominium we regularly rent on the Big Island is so personally involved in every detail of her guest rental, there is NO WAY a management company could compare in the level of service and quality.

The owner of our condo absolutely and without a doubt collects ALL TAXES AND FEES that are expected in a rental and clearly spells them out for us on our statement so that we (THE TAX PAYERS) know what part of our bill is for TAXES and assorted services.

This bill should NOT pass. We do NOT support it. It will cause Hawaii to loose money because we will NOT rent from a management company. We will no longer come to Hawaii for our vacations and opt to buy our own condo in Florida instead.  
Do not pass SB2089, Do not take yet another freedom away.

Susan Galante  
Canton, GA

My husband and I are opposed to SB2089. We own a condo on Kauai that we rent. We find this bill to be insulting to our ethics as property owners. We collect, and we pay on time, our GET and TAT taxes. Our decision will be to stop renting our Kauai condo should this bill pass. This decision will hurt Kauai's economy, especially if other owners decide to do the same. We travel to Kauai at least twice a year, sometimes three times. Each time we visit Walmart, Home Depot, Sears, etc., purchasing supplies that will enhance the stay of our guests at the condo. In mid-January we made the decision to replace our air conditioning and remodel the both bathrooms and kitchen. As you should know, this would all be done my locals of Hawaii, supplies and materials would be purchased in Hawaii. If this bills passes, no new AC or remodeling will be done. I don't like AC and I'm fine with not remodeling. My guess is, other owners may have this same attitude. With the poor economy and high gas prices, it's not worth renting the condo if we must pay someone 30-40%. We used a property management in the past. They were lovely people, but did not bring in the rentals and charged high fees that constantly changed without notice. I really feel there is a better way to collect GET and TAT taxes without punishing responsible owners. Also, I feel Hawaii needs to look at the big picture and how transient guests and non-resident property owners help in the economy of the islands. We do have a passion for the islands we own on, and work very hard to pass this emotion on to our guests.

To whom it may concern:

We have used owner rentals for a few years now. We look exclusively for deals when we travel to Hawaii because we don't have alot of money to spend on vacations. In our case we have ALWAYS paid taxes on the properties we rented. I just want you to know that if this bill goes through and it would increase rates for travelers who may not be able to afford to go to Hawaii and such places as often. I don't see what it matters to have to make propety owners use a service when they can handle it themselves and if you get your taxes out of the deal then what it the problem. I think this would INCREASE travel because then the owners would have to increase their rental prices, which would deter travel. Please consider this response when making any decisions.

Thankyou Kathy and Harry Perazella

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Gloria Latin  
Organization: Individual  
E-mail: [glatin@verizon.net](mailto:glatin@verizon.net)  
Submitted on: 2/25/2012

Comments:

I live in Harrisburg, Pennsylvania and love visiting the Hawaiian Islands, we try to visit if annually and due to the current economy we now try to come at least every other year. If this bill gets passed and rents are increased to cover the additional expense of having a Realtor manage the vacation rentals, it is very likely we will need to stretch are trips even further apart and that really saddens me. I ache for my trips to Hawaii, I love and respect everything about Hawaii. I'm certain this sounds selfish but if I'm feeling this way, I'm certain other regular visitors are feeling the same way. Many of us are just middle income families who come and visit and if rates increase, I'm concerned Hawaii is going to see a decrease in Tourism and I believe Tourism is Hawaii's #1 Industry. The cost to fly alone from the East Coast and to rent a car is costly so being able to rent from places like VRBO make the trip much more affordable for the average person. If costs arise, I'm certain you will lose many mid to east coast travelers, they will decide to go to the Carribbean or Mexico where it's much less expensive in the first place not to mention a much closer flight. Please, please consider my thoughts seriously, again I love and respect everything about Hawaii, I enjoy meeting the Hawaiian Residents who work at the eating establishments,shops, etc., and I'm sincerely concerned this is going to impact residents as much as us guests who look forward to visting the Hawaiian Islands year after year. Thank you!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Sheryl & Gary Dvoran  
Organization: Individual  
E-mail: [sgerminaro@yahoo.com](mailto:sgerminaro@yahoo.com)  
Submitted on: 2/25/2012

Comments:

We travel to Hawaii for pleasure at least 2 times per yr. of course spending thousands coming from Arizona, many times we come w/friends or our grown children & grand children. We have done this since 1997 when we first visited & feel in love with all of your islands. We use VRBO & feel that given these tough economic times, it is imperative for us to continue using this source. We have always found them to represent Hawaii in a positive way & to follow all the Hawaiian laws. We have found that many of them also use the locals to assits them, everyone involved has always shownus to be respectful of all opeating issues in rentals of their condos, they explain all the fees & the whys of them. This measure that you are proposeing would actually cause us hardship as we are sure that it would cause prices to increase & we would not be able to

enjoy your island as frequently as we would like. We believe that you are shooting yourselves in the foot with this measure. We would think that since your revenue is based on tourism you would do what is best to bring us back as frequently as possible. We also understand that you may have a few people not following the rules but PLEASE do not punish ALL for a few bad apples. We would love to continue our 2 trips per yr. but that is now in your hands....PLEASE do the RIGHT THING...

Sincerely

Sheryl & Gary Dvoran  
Fountain Hills, AZ

To the US Senate:

It has come to our attention that you are proposing to legislate that all vacation rental and condo rental owners be forced to hire a property manager or realtor in regards to renting out their own rental properties.

We do not own any vacation property or rental property ourselves but we have on numerous times rented from owners directly throughout Canada, Europe and USA, specifically through VRBO and other related websites. We have always done our research and have had no bad experiences. We have always signed contracts beforehand (also for our own protection) and paid the necessary taxes by cheque, paypal or Mastercard. The paper trail for taxes would definitely be in place if unpaid taxes were an issue.

In fact **we prefer to deal with the owners directly as its more timely and efficient.** In fact, our experience has been that when trying to inquire about rental property through property managers has sometimes been frustrating. Property managers aren't as passionate and forthcoming with information about the property and they aren't as financially invested in getting the property rented as the owners are, so hearing back from them with adequate information isn't as productive. Talking to the owners personally leads to much more general information of the location, attractions and restaurants in the area; all this creates more anticipation for upcoming trips.

Most vacation rental owners also have the skills and talents to manager their own property and rental contracts themselves and quite enjoy it; thereby making the purchase of property for rental use a prudent investment for themselves. Why would you want to legislate those skills away from them?

I urge you to reconsider this proposal and the financial impact on your tourism market. We can only assume that if property owners are forced to hire property managers that the rental prices will be inflated meaning those of us who rent may just decide to go elsewhere.

Sincerely,

Sylvia Walterhouse  
20966 95A Avenue  
Langley, B.C V1M 2A6  
CANADA

I was just made of this proposed bill going to the Senate.



My husband and I have travelled to Hawaii for the last 3 years and stayed 3 weeks on each occasion. All 3 times I have rented from the owner directly on the VRBO website. I have spoken to the owners, emailed, received a quote and a final price that **included tax**.

Hawaii is definitely one of the more expensive locations to travel to, but we like the climate, the people, the food, the natural beauty, etc. However, I can tell you that if prices rise due to the fact that owners are required to hire a realtor or property manager we will most likely go back to an all-inclusive location in the Caribbean.

It's seems completely ridiculous that owners of a property would be forced by their government to hire a realtor or property manager. Like everything else, it's buyer beware.

We have had incredible experiences with the owners we have rented from and would recommend each of them. We have only good things to say about our visits to Hawaii and have often thought about purchasing a property ourselves to spend our winters.

Prices going up 25-40% is going to seriously damage the amount of visitors you get to Hawaii and obviously the amount of money tourists spend while on vacation is going to be reduced dramatically. How sad.

Lori Crowther  
Kimberley, BC CANADA

Aloha,

My husband and I own a 2 bedroom Maui condo. We consider this a second home and upon purchasing our condo in 4/18/2011 we decided to take on renting out the condo ourselves as we found the management company that rented out the unit for the previous owners very dishonest. With owners not living on the island to check up on this manager we found out about several abuses being committed. Taxes were not being paid, rentals were not being credited to the owners although renters were in the unit. The list goes on and on. There was no one to oversee the unethical practices of this management company. No one should be forced to be a part of this practice!

We did not want to be associated with this unethical behavior and decided to make things right and fire the management company and take on the renting of our condo. All our guests are charged 13.42% Hawaiian tax which we pay to the state of Hawaii. We run a tight ship and have a reasonably priced, clean beautiful condo for our guests. This would not be the case with the previous manager who kept our unit in poor condition and often double booked it making guests pay a higher price in a more expensive condo.

It is illegal to force an owner to use a rental company. Having had a horrible experience with an unethical management company in Maui, you would be amiss to demand owners pay 40% to managers. There would have to be oversights set up demanding certain regulations from unscrupulous managers.

I believe you need to think twice before you plan on sinking the improving economy in Hawaii and losing your beloved tourist income because of higher rental rates.

Opposed to SB 2089 for the sake of tourists and Hawaii recovery!

Aloha and Mahalo  
Andrew and Lynette Bennett

Sent from my iPhone

Dear Senators,

My family visits the Hawaiian Islands every year. We made a decision many years ago to never use a property management company again. They ripp you off and are not nice to guests. The ability to rent directly from an owner has made it affordable for us to continue to vacation in your lovely state. As such I ask that you oppose SB 2089.

My guess is that this is about the realtors and property managers not wanting any competition from home owners. What happened to a free market society? I should be able to do business with whomever I choose. I do not choose impersonal firms who are just out to make money and really don't care about my experience.

If you pass this bill I will look for another place to vacation so I may rent directly from home or condo owners.

Sincerely,

Zora Taylor

To whom it may concern,

We are opposed to this bill. We had a wonderful experience staying at a condo in Kauai which was managed by its owner. We paid tax to her as part of our rental. We had no need for a property manager or realtor.

It is already pretty expensive to stay in Kauai. We would not stay there again if additional costs were added to our bill because of some imaginary need for a property manager.

Maureen Brown  
180 Balsam Avenue  
Toronto ON M4E3C1  
Canada

I do all my property rentals through VRBO. I have always been more than satisfied and have always paid whatever the State tax was. I rented two places in Hawaii this past year and the owners were great to work with, took care of any problems I had and collected the appropriate taxes. I am OPPOSED to SB2089 and HB1706.

Carol Barnard

My family and I are annual visitors to Hawaii. In planning our stays we rely on on-line postings of condo availability. This allows us to obtain the best available lodging that meets our needs at the best price. It is one of the things that keeps us coming back to Hawaii as other costs during our stays, e.g., grocery prices, are quite high.

The substantial increase in accommodation prices that will result if all booking must be arranged through a management agency will be a significant deterrent to our deciding to return to Hawaii in the future.

This proposed action is totally unnecessary from our experience.

Certainly we have liked some of the places we have rented more than others but there has been nothing basically wrong with why of them.

Besides, these are market decisions we are making and this is one market that actually has a reasonable chance of operating as markets are supposed to. I am not a big "free market" person but the on-line rental system coupled with the user reviews that are available to create informed buyers coupled with the need for residence owners to compete with each other on amenities and price constitutes a good market environment in which sellers can easily enter and exit.

I can't understand why any market advocating Republican would want to interfere with this free market. And I can't understand why any Democrat would not take advantage of this opportunity to demonstrate that they are not opposed to markets that actually contain the elements that make it possible for a market to work without undue regulation.

If there is a problem with residence owners paying their taxes then deal with that. Don't sell out to the management companies by allowing them to have a monopoly on the rental market. If they want to compete with individual renters in a market--or are they afraid to?

Sent from my iPad

For many years we have rented condos directly from owners in Poipu and elsewhere in Hawaii via VRBO. Of course we pay the required taxes. This arrangement works wonderfully in keeping rents affordable, and the personal interaction between owner and client helps to ensure responsible behavior by both parties. Additionally, we feel we have "friends" in Hawaii rather than dealings with corporate entities. Please don't change a good thing that's not broken. Thank you.

Caroline and David Meglathery

Dear Legislators,

I understand that there is a proposal to require owners to hire managers to rent their property. I am strongly opposed to this move. I have rented directly from the owner 3 of the last 4 years and have been very pleased with the price and personal attention I have received. The owner has collected all appropriate taxes and responded to all queries and requests in a timely and gracious manner. Using VRBO and Homeaway web sites allows me to research many condo and house rental opportunities while keeping the price reasonable. Requiring a management company to get involved will simply raise the price and perhaps preclude our ability to visit your beautiful state. As you know prices for

everything in Hawaii are high and putting an additional cost on accommodations will figure into our making vacation choices..

I use the rent from owner concept on many of my vacations and have NEVER had a single problem. I know it works well in South Carolina and North Carolina where I rent large homes for family vacations each year.

I urge you to defeat this ill-conceived bill--find another way to resolve whatever issues you have--reducing tourism to Hawaii may be an unintended consequence of this legislation!

Sincerely, William S Moore

To whom it may concern:

We have used owner rentals for a few years now. We look exclusively for deals when we travel to Hawaii because we don't have alot of money to spend on vacations. In our case we have ALWAYS paid taxes on the properties we rented. I just want you to know that if this bill goes through and it would increase rates for travelers who may not be able to afford to go to Hawaii and such places as often. I don't see what it matters to have to make propety owners use a service when they can handle it themselves and if you get your taxes out of the deal then what it the problem. I think this would INCREASE travel because then the owners would have to increase their rental prices, which would deter travel. Please consider this response when making any decisions.

Thankyou Kathy and Harry Perazella

Dear Hawaii Senate,

Feb. 25, 2012

Re: SB2089

Nani-Jay & Robert Lavin

Please do not pass this bill. We, Bob and I are born and raised from Ewa Beach Road, Ewa Beach. WE are Hawaiian. Our families are Hawaiian. We moved to San Jose, CA to go to school and find work. We were able to buy a condo in 2003, in Makaha Valley Towers for our planned retirement, to return home. We have not been able return yet, as the current economy has been very tough on us. We have been able to hold on to our condo in Makaha with a few vacation rentals. Our family assists on Oahu assist us by being available if need be. Over the last several years our expenses for the Condo's **Maintenance fees, Utilities, Gas, Water, and TAXES** have increased 18% making it more and more difficult on us.

By adding additional costs, having to have a on island Property manager at a 10 to 25% cost, is going to make it increasing harder for us to keep our condo let alone our dream of returning home to be with our parents and family.

Please note that the Westside of Oahu lost the Makaha Valley resort last October, due to costs and it's hard to rent out here as we are not the famous Waikiki or Kailua areas. WE also now have to compete with the Ko'Olina and Auilani. It's hard out here!

We also suffer from lots of owners not being able to pay their current mortgages and maintenance fees, which again fall to the ones working hard to keep what we have. These additional costs due to

your bill will drive up the costs more and will make it more difficult for us, a smaller group of people trying to maintain what we have worked for so long.

I am not sure who this bill is for Real agents or against the Bed & Breakfasts in Kailua, but not for us struggling citizens trying to keep our little piece of our dream to return home.

I submit for you to our testimony. Nani-Jay Lavin

My wife and I started going to Hawaii when we met in 2006 and have been going every year since.

We love going to Hawaii for it's predictability and beauty. Every year we come we rent a condo unit directly from owners of the condo and not from management companies. Management companies, in my opinion have no passion for the experience of the trip, but rather rent out properties only for the money.

Every single time we rent a condo, which has been 7 times since 2006, we pay 25 - 40% less by renting directly with the owner, and always pay the state tax of 13.42%, plus a cleaning fee.

My wife and I are frequent visitors to Hawaii. I've been coming to Hawaii since the mid-eighties and I've seen the continuous commercialization and rising taxes on the cost of my trips over the years.

It seems like tourism industry there in Hawaii only wants to cater to the first time Hawaii visitors who come for a week, overspend on a "dream vacation" and then leave. That's not us. We like to go to Hawaii and spend 10-14 days at a time and live on an Island.

If we had to pay 25-40% more for our accommodations on our trips, it will cause us to rethink our future trips.

David

To whom it may concern,

I've been staying at vacation rentals for my visits to Hawaii for many years. We like the home away from home feeling and the savings over staying in a hotel and having to eat every meal out. Renting directly from the home owner has been a great experience for me as they can give you insight of the neighborhood and the area. I know that I've paid a local tax for each rental and it still ends up being cheaper than a hotel room. If I was forced to rent from a broker and pay an additional 25+% I may rethink coming back to Hawaii as often as I like and start exploring other tropical destinations.

Please consider the repeat visitors to Hawaii before you pass such a bill.

Sincerely,  
Barbara Ferguson  
Mountain View, CA

February 25, 2012

Dear Hawaii State Senators and Representatives,

I am writing in response to the proposed bill SB2089. We live in California and have owned two condos in Kauai for the past 20 years. Since the beginning, we have used a property management company to rent our condos. When the economy turned sour three years ago and the price of airline tickets rose sharply, our rental income really bottomed out. In addition, our rental company purchased their own properties which had precedence in the rental pool. Our property management company only booked 16 guests for the year of 2010, and that included us and family. The rents did not cover the monthly expenses of: the Homeowners Association fees, upkeep expenses, the mortgage, and the whopping fee charged by the property management company. Every month we had to go into our retirement funds.

In August of 2011 we left our rental company. We were able to offer our condo at reduced rates thereby renting it more. We are able to have hands on with the cleaning company and our handyman. The State of Hawaii is now receiving more revenue because we are renting it ourselves.

Respectfully submitted,  
Francis J. Hughes  
1394 Christopher Dr.  
Merced, CA 95340  
Home phone: (209)725-8914

Are you kidding? Small business owners (condos) have the right to run their business as they see fit. I am also a WA state citizen who frequently rents private condos, and I know that myself and many others, will not be able to afford higher condo rental prices just to line the property manager and realtor's pockets. The islands have had much lower tourism anyway, as you are well aware. This negative move would only make things worse.

Please vote against this ridiculous bill. For questions, please feel free to contact me via the information supplied below.

I appreciate your consideration.

Mahalo,

Sandy Mugartegui  
[wavey777@yahoo.com](mailto:wavey777@yahoo.com)  
(360) 790-7188

From the state capital: Olympia, Washington

To whom it may concern,

I'm a California resident. I've used VRBO.com and Vacationrentals.com to rent a condo/home for most of my many trips to Hawaii. Each of my rental contracts included state and local taxes/fees. I've always been fortunate to find each home/property in ideal condition and of great service.

If this bill passes, I'm confident that it will cause rental owners to increase prices. I will then think twice in choosing Hawaii as a vacation destination.

I oppose SB 2089 and HB 1706.

Leniza hul

Just a note to express my opinion about SB2089. If it passes and my rent goes up I will not be returning to Paradise. We have spent the past four years since my retirement going to the Big Island from two weeks to four weeks each January or November. It is my understanding that this bill will cause an increase in my rent from 15% to 40%. That would not fit into our budget plans and I would be forced to return to the Arizona/Nevada area instead of Hawaii. Please vote no on this bill.

Thank you

Don and Jean Marie Miller

Whenever we visit Hawaii we choose a privately owed and managed home or condo. We appreciate and prefer the personal approach to renting, as we have had less than favorable experience going thru a management company. Costs are higher and we are merely one of hundreds of vacationers the company has to deal with.

Conversely, when we are dealing with the individual(s) who actually own the residence, they are very interested in making sure our stay is everything it should be. And we have never been disappointed! If your goal is to ensure taxes are paid, don't penalize the many for the actions of a few. We would reconsider our decision to visit Hawaii if prices were raised and more importantly, the personal attention were eliminated.

David Fleming  
Los Angeles, CA

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Sandra J Smith  
Organization: Individual  
E-mail: [sjsmith@me.com](mailto:sjsmith@me.com)  
Submitted on: 2/25/2012

Comments:

We own a single property on Hawaii, 14-4999 Wai Opae Rd. Pahoia HI 96778. Currently we rent our home for vacation renters while not in residence. We pay all taxes on time. We use our proceeds to put back into the property such as installing an aerobic septic system, new roof and maintaining our house at a high standard. Our vacation renters support the economy of Hawaii as well as the money we spend on maintaining the property. If we have to spend 35% of our rental income for a property manager we will no longer be able to support the economy at the levels we do today. This is taking a step backwards. It is so simple as a property owner to book your home using sites such as HomeAway/VRBO and it is simple to pay taxes on the State of Hawaii Department of Taxation E-Filing web site. It doesn't make sense to get a third party involved just to pay the taxes. Why? The only reason I can see is the Real Estate Organization's Lobbyists want a cut of the profits. Passing this bill will directly hurt the fragile slowly improving tourist dollars. Please vote no on SB2089.

Sincerely,

Sandra Smith  
Hale O'Nui Kea Kala  
VRBO Listing #53607  
Home Away Property #331522  
Kapoho Vacationland  
Phone (661)803-3943  
Fax (661)253-1489  
[sjsmith@me.com](mailto:sjsmith@me.com)  
<http://www.kapohovacationrental.com/>

We have rented Condos in Hawaii and are opposed to SB2089. The owner of the condos always collects GE and TAT's. We get wonderful service, have been back to rent the same spaces and have sent our friends there and recommend it highly. This bill will hinder us from being able to rent and visit Hawaii. This pains us to think about it because we so look forward to our visits in Waikaloa. The owner of the condos we rent is very sensitive to our every needs, decorates beautifully, makes the condos so very comfortable and beautiful for us. Thank you for your consideration. Judy Clawson

Testimony on HB1707 and SB2089

Like many others, I am a non-resident owner of a condominium in Kauai. My wife and I purchased the condo in 2007 as we loved Kauai and one day dreamed of being able to spend part of our retirement there. Unfortunately, we are 20+ years from retirement, so the plan was to find a condo that would provide monthly rent to support the monthly costs of the condo. The only way we could



make that happen was to manage the property ourselves through internet marketing and managing the reservations and payments at home. We employ a housekeeper and maintenance person in Kauai who ensure the condo and our guests are looked after. We have provided accommodations to over 150 families since 2007 without a complaint.

When we purchased our condo, we registered the property as a vacation rental and we diligently pay the transient accommodations taxes, excise taxes, and property taxes as they become due. As many others, we have a mortgage with a Hawaiian bank and pay over \$20,000 per year in interest payments. We also pay HOA fees of approximately \$8,000 per year which helps to provide employment to resort employees. We support local charities and businesses and "sell" the island of Kauai to everyone we meet. We love the island as if it were our own and we take our ownership responsibility seriously.

I am extremely concerned about the effects that HB1707 and SB2089 will have on me and my family. With the state of the economy and rising costs, we are losing money on our property as it is. Property management company's charge between 20% and 50% of the gross rents to manage a property. That equates to \$7,000 to \$17,500 per year for us. We can't afford to pay this. If this bill passes, we will be forced to sell (or possibly foreclose) the property. Prices in Kauai have dropped significantly since 2007 and we would be lucky to sell for enough to cover the mortgage balance (losing our 20% down payment in the process). The passing of this Bill will force rental prices up, reduce the number of rentals available, and ultimately reduce the tourism dollars and tax dollars flowing to the State.

The bill would take control away from me and put it in the hands of a third party. How can you justify legislating that revenue earned by my property must go to a 3<sup>rd</sup> party. How am I protected against the property management company not paying me on a timely basis or not paying me at all. The management company earns interest on my money, earns profit on any maintenance performed on my property, can charge any "administrative" fees they like, and provides less personalized service to my guests.

This bill is just a cash grab for property management company's who's rates are uncompetitive and services are less than stellar. Have you noticed that all the folks in favor of this bill will financially benefit from the passing of the bill?

You don't have a problem with the tax system, you have a compliance problem. How can you better enforce the rules that you do have in place?

- Provide each non-resident owner who is filing their taxes with a distinct number and make us display that number on our advertising. Scan the most popular websites (vrbo.com, homeaway.com, etc.) and contact the owner's not displaying the distinct number. Require us to keep our online calendars up-to-date and visible (most of us do this already).
- Require realtors to disclose to the government transactions where the purchase of a property is for investment purposes. Alternatively, create a schedule to attach to all real estate purchase agreements where the buyer declares that the property won't be used for short-term rentals and attach a significant penalty for misrepresentation.
- For each real estate transaction involving a non-resident. Send a tax package to the buyer with information relating to their responsibilities as an owner. Again, make them sign a declaration if they're not using the property for rentals.

I don't understand how a Government can consider passing a Bill that punishes ALL non-resident property owners. What makes you think that passing this bill will help you find the folks not paying their taxes? How will you enforce this? Why would enforcing this be any different than enforcing the current rules, which apparently aren't being enforced? In my opinion, passing this bill will only impact those of us already abiding by the law.

I am not the problem. I am paying my taxes. I treat the island and its people with respect. Why am I being penalized? Please look for other options to deal with those not paying their fair share. Don't punish those of us who are doing the right thing and abiding by the laws that are in place.

Mahalo for your time,

K. Page  
Resides in Canada  
Owner @ Pono Kai Resort  
Kapaa, Kauai

Regarding SB 2089

Testifier position: Oppose

Testifier will be present: No

Submitted by: *Gord and Ginny Bryant*

Organization: Individual

Submitted on: 2/25/2012

We would like to add our voices to the debate on bills being proposed in the Hawaii legislature (House Bill 1707 and Senate Bill 2089). In our opinion the proposed bills will significantly increase the cost of vacationing in Hawaii, thereby reducing the likelihood people, like us, would select your wonderful state over other more economical options. Most estimates that I have seen indicate our costs would increase 30-40% with the passage of this bill. Some may regard reduced tourism as a win for Hawaii, but with a reported 75% of employment on the Islands directly or indirectly linked to tourism, well, the math is obvious! Although well intentioned, protectionist type legislation always results in a long-term negative impact on free enterprise. There is no need to fix something that isn't broken. The current related legislation has performed well over the years.

Please do the right thing and leave the current system in place. We love Hawaii and would not like to reduce our ability to vacation there.

Regards,

Gord and Ginny Bryant  
Canada

To Whom It may concern,

I strongly oppose SB2089. I have travelled numerous times from the mainland to Hawaii for vacation. I always rent our accommodations from an individual. I have found that not only to I receive a very competitive price, but I also get that "personal touch" from the owner. This is one of the main reasons my family chooses travel to Hawaii. The cost of the airline ticket per person is quite expensive. The reasonable rental price I have received in the past directly through the property owner helps tremendously.

If this bill is passed and I do not have the option to rent directly from the owner, I will certainly think twice about vacationing in your beautiful state. I travel all over the world. There are many other

wonderful locales that do not have local governments who prohibit a property owner from renting/leasing their property as they see fit.

Respectfully,  
Ginger Copeland

**Ginger Copeland**

Senior Sales Representative, Liberty Mutual  
6414 Hillcrest Park Ct. Ste B  
Mobile, AL 36695  
(251)645-5784 ext 57648/(251)649-9374 fax  
[Ginger.copeland@libertymutual.com](mailto:Ginger.copeland@libertymutual.com)

## Gail Baker

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Aloha Senator Baker,

I am writing to oppose SB2089. I am a non resident homeowner who rents their townhome to help pay the costs of ownership. From reading the testimony it sounds like the reason for this bill has to do with the nonpayment of GET & TAT by owners that rent their homes. There is already a law which addresses paying these taxes and there are certainly other ways to enforce this law besides forcing homeowners to rent their property through a real estate broker or licensed real estate agent. When we purchased this home we knew that we would have to rent the property to be able to afford it. It was not in our original profit and loss estimate to pay a real estate company to rent the property for us. Should this bill pass we will no longer be able to pay for this property and will be forced to sell at a time when the property is worth 50% less than when we purchased it. This bill seems like it is unconstitutional by taking away the right of the homeowner to choose how they wish to manage their property.

We have also had to lower the cost to rent the property in half due to the huge influx of rental properties in the rental pool. We presently carry a significant negative cash flow on the property and the only way that we will be able to keep the property is to rent it ourselves. The cost that realtors charge would not suffice to be able to hold on to the property. I have also had very bad experiences with realtors both with filling the calendar and also with the clientele that they allow in the property. I would never feel comfortable allowing a realtor to take over the responsibility.

The real estate market has been a complete disaster with the amount of foreclosures and short sales. Our complex is finally to the point that almost all of these properties have been sold and there is now becoming more of a demand to buy properties which will hopefully bring back some of the value which we have lost. Should this bill be enacted it will create another

onslaught of properties that will have to be sold due to the fact that the owners will not be able to afford the negative cash flow created by having to pay a realtor a commission. This bill will also affect the future sales of properties due to the cost to hold the property by the purchaser.

It is clear that all of the testimony in favor of the bill comes from the real estate industry that will benefit from the passage of the bill. The average homeowner has no idea that this bill is even in front of the legislature and are therefore unfairly represented in this process. Most if not all of the homeowners charge their clients the tax based on looking at the VRBO and other online sites.

This bill not only seems unconstitutional it also seems like it is discriminatory to nonresidents. On island residents can be just as negligent in paying the GET & TAT as a non island resident. At all levels of government, whether it be state or federal, the consequence for not paying taxes when due is to impose interest/penalties on past due amounts. If it is willful fraud, the agency should then pursue criminal action. At no level does any other government agency require that your salary/income be received by a third party. We all are bound by law to pay taxes that we owe and if we do not comply, those same laws impose penalties (interest, fines, or jail for fraud). Hawaii already has laws that require any person selling accommodations to collect TAT and GET. If there is a non-compliance of that law, the "crime" is for not paying one's taxes.

In conclusion it seems that the best way to handle the tax collection issue is to hire someone to police it and impose the proper penalties. No homeowner should be forced to use a realtor to rent their residence. I do believe that if this bill passes that there will be a class action suit filed against the government which will cost much more than paying someone to oversee that the proper taxes are being collected.

Sincerely,  
Gail Baker

Aloha,

My wife and I live in California and we have a vacation rental business on Maui. Our condo is a part of the Wailea Beach Villas development in Wailea. It is a "condo-tel" property with on site reception staff, concierge, bellman, maintenance crew, gated entry, and security personnel. We also own a small cottage in Makena with a complete on island staff to manage the property and provide our guests with an incredible Hawaii vacation experience.

Last year we paid \$25,844.52 in TAT taxes and \$11,623.04 in GE taxes. We communicate directly with our guests and manage the reservation process ourselves. In doing so, we can confirm the guests best understand our policies and never allow events or functions such as weddings or parties of any kind. We had used a rental agency before but they were incentivized to book guests that we would otherwise send to other accommodations that best suit there needs. With the agency we had problems, managing it ourselves creates additional work but we have never had a problem with a guest as we do a better job setting the expectations.

We are convinced our guests treat our property better by working directly with us, getting to know us and allowing us to provide the personal touch they would not get with a rental agency. If we were to use a rental agency we would lose money on our business and would have to sell the condo. We pay taxes and send our cleaning crew a 1098 form. All the other on site employees are paid through our association fees. Why should be punished for obeying the law?

Most of the units in our development are owned by wealthy mainlanders who don't rent. If we were forced to sell to an owner who would simply use the condo a few months of the year and not rent the result would be lost tax revenue for the state. We pay a higher property tax as it's categorized as "hotel/resort", as opposed to the lower second home category.

SB 2089 will not solve problems, it will create problems by increasing costs to travelers, forcing those that want to manage their own property to pay higher fees or cause some owners to go underground or abandon their business altogether which in turn will cause less revenue for the state.

This misguided legislation will lead to unintended consequences and I urge you to vote against this bill.

Mahalo for your consideration.

Eric Peterson

To. Committee on Commerce and Consumer Protection meeting 10:00 AM Tues. Feb. 28, 2012 Rom 229

On SB 2089 (I am intensely opposed)

Sen. Baker, Taniguchi, Galuteria, Green, Nishihara, Soloman, Slom

I am a non-resident vacation rental owner on Maui and we have been managing our own unit through VRBO from the beginning. WE PAY ALL STATE TAXES AND FEES RELIGIOUSLY. WE APPRECIATE HAWAII AS A VACATION PARADISE AND HAVE BROUGHT MANY MORE TOURISTS TO THE STATE OF HAWAII BECAUSE OF NON-RESIDENT VACATION RENTAL OWNERS.

By encouraging rather than destroying VRBO and other owner advertised sites the state of Hawaii WINS as we are mainland advertising for the tourist industry throughout the country. The majority of non-resident owners comply and pay all taxes to the state of Hawaii already.

We could not afford to own our 2 bedroom beautiful condo without the rents we collect that allow us to pay our bills. We literally would have to sell in a depressed market or default on loans and loose our property which we value and keep in pristine condition.

Most non-resident owners take great pride in their property and give as good or better service to their guests as do the management companies.

We hire Hawaiian citizens for on-island services, that otherwise would be taken over by management companies with much less volume ie. They would not hire as many citizens of Hawaii to replace all the people now employed by VRBO kinds of owners.

We are the ambassadors of Hawaii, your emissaries abroad, that you are attempting to drive away. You will deluge the market with depressed properties reduce the tax base of the state and hurt your own Tourism.

DON'T DO THIS!

Sincerely,  
Judith Kent  
Owner KaaNapali Villas VRBO 114186

Randy and Cathy Bodhaine  
P.O. Box 23366  
Pleasant Hill, CA 94523

Senators:

We are property owners on the island of Maui.  
We strongly oppose SB2089 and respectfully plead with you to listen to the Testimony and vote this bill down.  
This Bill clearly is in violation of our constitutional rights. It is illegal and discriminatory.  
There is no good that will come to the state, either tax wise, tourism, real estate, or to improve what we have ALL been subject to .....,this down economy. There is almost no sector in the industry that has not been adversely impacted by the struggling economy.  
Please join us in stopping this Bill.

Thank You,

Randy and Cathy Bodhaine

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: George Craig  
Organization: Individual  
E-mail: [geocraig27@gmail.com](mailto:geocraig27@gmail.com)  
Submitted on: 2/25/2012

Comments:  
February 24, 2012

Dear Honorable Senators,

We are writing to voice our opposition to House Bill 1707 and Senate Bill 2089. These bills, if enacted, would require non-resident property owners who rent their vacation property, to use the services of a licensed Realtor or a property management company in Hawaii to collect and distribute rent monies.

We have owned a one bedroom condo in Maui for four years. Prior to our ownership, the property was rented on a very limited basis. Since taking ownership, we have remodeled the property extensively using the profit to improve the rent-ability of the condo. In 2011, we had an occupancy rate of 92%. This provided a profit of approximately \$20,000 which funds we reinvested in the property by renovating the entire kitchen and installing all new appliances. As a result of renting our property, we employ the services of local Hawaiian residents. We employ the services of an on-island representative, a cleaning company, a maintenance person and various local contractors to make improvements to our property. All of these individuals/entities contribute significantly to the Hawaiian economy.

In 2011, we paid the State of Hawaii a total of \$7,479.00 in Transient Accommodations Tax and General Excise/Use Tax. We make our payments promptly each month and due to our increased occupancy rate, our tax payments have increased annually.

If House Bill 1707 and Senate Bill 2089 are passed, owners will lose an additional 20% to 50% of our rental receipts, which are often used to make mortgage payments. Such a decrease in rental income will significantly increase foreclosures of condominiums all over Hawaii. In addition, a decrease in rental income will result in less funds available to hire local contractors, cleaners and other small business persons.

If we continued renting our condo, we would have to increase the daily rental rate, as would thousands of other condo owners. The additional costs would make it more desirable for thousands of tourists to go to other tropical destinations for their vacation.

I urge you not to give into the lobbying efforts of large property management companies at the expense of the small business owners like us. The State of Hawaii will be the loser in the long term.

We appreciate your consideration and ask that you vote No on House Bill 1707 and Senate Bill 2089.

Very truly yours,

George Craig and Richard Matgen, San Francisco, CA and Lahaina Maui, HI.

February 24, 2012

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We appreciate your consideration and ask that you vote No on House Bill 1707 and Senate Bill 2089.

Very truly yours,

George Craig and Richard Matgen, San Francisco, CA and Lahaina Maui, HI.

File attachment: OfficeDesktopIconThread.exe The file attached to this email was removed because the file name is not allowed.



Good Morning

I am writing this letter to address SB 2089. I am totally opposed to it. We have rented places in Hawaii many times directly from owners and have been very pleased. We have also rented through rental agencies and been very disappointed. The owners are always so much nicer to deal with and they care about their properties.

Do not put SB 2089 through it will be a terrible mistake!!!!!!

Sincerely, Pamela Gleave  
1531 Rucker Avenue  
Everett, WA 98201

Dear Sirs and Madams,

I am writing in opposition to SB 2089. I love Hawaii. I was born on Oahu and have enjoyed going back over the years to visit and now love bringing my children there. We live in California and spent three weeks in Maui last summer in a privately owned and held condo. We loved it so much we decided to change our plans for a Mexico vacation in 2012 and return to Maui for two weeks. We are staying in the same lovely condo. I can guarantee you that we would not have come at all if the cost was 40%, or even 20% higher due to fees paid to a management company. We got wonderful service directly from the owner and think that is how it should be. Management companies are available for those that need them, but should not be required.

We have successfully convinced another family to join us on our vacation. They are renting a nearby condo. One of their objections originally was the cost of Hawaii over other vacation spots, such as Mexico and Costa Rica. Our positive experience and the ease with which we were able to rent a condo convinced them otherwise. Don't make their assumptions a reality. Please don't pass this bill, further alienating people from visiting your beautiful state. We are honored to be visitors and look forward to returning.

Best regards,

Carrie Haverty  
415-519-0692

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: bill mowat  
Organization: Individual  
E-mail: [bsmowat5@rogers.com](mailto:bsmowat5@rogers.com)  
Submitted on: 2/25/2012

Comments:

I am a frequent visitor to Hawaii as a tourist. I have stayed in timeshares, private condos and condos rented through a management company. By far, my preferred rental is through an owner. I feel I am visiting their home and am able to discuss things to do with them. With the other methods, you never really know what you are getting. I have always paid full taxes for any rental, so I don't know why there is this bill. I am afraid that once this bill is enacted, the costs for me will increase substantially. I am retired, love Hawaii and am afraid this increase will cause me to look to the much closer Caribbean for my yearly holiday. Regards, Bill Mowat (from Ontario, Canada)

1990 Oak Bay Avenue, Victoria, BC, Canada V8R 1E2  
T 250-598-2966 F 250-598-2967 T/F 1-888-274-6779  
E info@vshl.ca www.vshl.ca



Robert Emslie  
250-598-2966 or bob@vshl.ca

**SB2089**

We understand the motivation of the legislature to capture the TA & GET from owners who don't pay on their short term rentals, but this really discriminates against non Maui residents, especially as Maui owners might be as guilty of non-payment as those off island.

This also penalizes off island owners who pay their taxes by forcing them to use a realtor and pay the high fees they charge owners - as much as 35%. We have our unit under a management company charging 22% but still expect us to remit the tax and we do. Many vacation rental owners use VRBO (Vacation Rentals By Owner) or Home Away, and their cleaner oversees the property. This allows them to keep their prices low and still pay their mortgage and owners fees. Most of these owners are part time residents of Maui, spending several months a year here.

With the economic times as they are every rental is a benefit to the Hawaiian economy. Renters spend money in shops, on activities and keeping the local residents employed! We as an owner use local trades, cleaners to help us keep our place in good order and safe. Surely the legislature can come up with a better plan, and one that doesn't discriminate against non-residents who are also good tax paying citizens. It seems the only ones in favour are large resort companies and management companies. If this is passed you will force more people to sell and take their money elsewhere and will only hurt the local people of Hawaii.

Sincerely  
Robert Emslie

From : Don Brattin  
To : Committee On Commerce and Consumer Protection  
Senator Rosalyn H. Baker Chair  
Senator Brian T. Taniguchi, Vice Chair  
Date : Feb. 25, 2012  
Subject: SB 2089

Aloha to all,

Yesterday I learned of your testimonies and hearing Feb. 27<sup>th</sup>, 2012. I hope my observations are included in your hearings.

It appears SB-2089 was a proposal being quietly discussed by the Realtors and Brokers at least a month or more.

Most of us individuals had no idea anything like this was being considered. Our testimonies will undoubtedly show the hurried state in which they are prepared.

After reading testimony this morning I wonder if everyone understands how the current vacation rental business works. I hope to add thought and perhaps an understanding.

Many of the large companies who offer vacation rentals seem to be complaining they have lost business to individuals who advertise their own condos and rent those condos on sites like VRBO.com when we should be focusing on how ALL of the owners, whether represented by a large company or an individual pays their GE and TA taxes.

Unfortunately there is no perfect "fix" but there may be ways to achieve a common goal without hurting the very people who generate a tremendous income and who ARE paying their fair share of taxes.

Should this proposal become law it will mean a windfall "gift" of profit rather than an "earned" profit to Brokers.

"Times change". This phrase specifically applies to the vacation rental business around the world since the Internet became second nature to us.

Example:

In 1987 I purchased my first vacation rental condo on the mainland.

Brokers begged me to represent my condo. For an avg. of 35% of my income they offered to rent, maintain it and do all things necessary.

I used their services but was not happy with the results. There were times when I was told my condo was rented for say, 10 days, only to find the management company moved those guests in order to maximize their reservation schedule leaving me with a 3 day rental. I lost 7 nights income! One year I was charged for 15 replacement light bulbs for a 4 bulb dining light. After I quit that agency and rented it long term I found I had to replace ONE light bulb the next 14 months. They dollared me to death.

I purchased my first Maui Condo in 1996 using local rental Broker.

I had a similar experience as with the one on the mainland. They demanded 30% of my income. Sales fell 2 years in a row.

I decided I might as well try renting my condo on my own. I couldn't do worse and even if I did I would not have the wear and tear on the condo and would still make as much profit since I would not have to pay the Broker 30%.

I invested roughly \$1,000 with VRBO and used the Internet to rent the condo. I paid my GE and TA taxes monthly and still do.

The Internet changed everything. Sales went up. I rented more than my Broker EVER rented and made more income which meant I paid more GE and TA taxes than if I had stayed with the Broker.

My wife and I moved to Maui. We sold our 1 bedroom rental condo and bought a 2 bedroom. I have rented my condos on the mainland and Maui through the Internet since 1996 and have had a wonderful experience doing so.

I acknowledge there are some owners who use the Internet and cheat on their taxes but my guess is that this number is far less than you have been led to believe.

There are other issues this legislation will effect other than the pure collection of GE and TA taxes. These are financial issues that can be of much more burden to our State coffers.

We all want a vibrant economy that benefits us all. Below you will see some claims made during testimony. In red you will see my comment and some hopeful insight.

Myths and truth concerning individual rentals vs. large company rentals..

1. **Claim/myth:** Some Associations and property managers claim individuals who rent their property via the Internet undercut their rates.

**Fact:** This may or may not be true depending on the individual however, in my case and the case of many of my friends who rent their condos on their own we actually demand HIGHER rates, which results in more taxes to the State of Hawaii.

99% of us have only one condo to focus on. We get top dollar because we are not concerned with dropping rates to fill 50 –200 condos.

2. **Claim/myth:** Property associations claim renters who have rented from individuals arrive ill equipped. They claim the renters cannot get into condos etc.

**Fact:** This has probably happened every now and then but most of us who rent on our own have a plethora of information we send to our guests walking them through the check in process to the day the guests depart. We give them specific info most associations do not. We are located 2,000 to 4,000 miles away. We make sure the guests have MORE than enough info because we do not need petty calls in the middle of the night. We are able to focus on each individual renter rather than 50 –200 on a daily basis. This is one reason I have achieved a 5 star rating from Internet sites such as VRBO etc. Guests can contact me 24/7/365 on my toll free number.

**If an owner is a problem owner,** (one who consistently causes problems) they are weeded out quickly. The Internet not only allows us to advertise and promote our condos. It acts as a vehicle for “renters” to post bad experiences. If there are many bad experiences posted, that owner is virtually out of business.

3. Some claim renters arriving in Hawaii has no recourse if there are problems.

The following is from VRBO’s site.

**Fact:** HomeAway.com (parent company of VRBO and others offer the following.

Guarantee from HomeAway protects you up to \$10,000 if:

The home has been foreclosed or is in bankruptcy

The owner inadvertently double-books the property

The owner wrongfully withholds your security deposit

The property is misrepresented

You are the victim of Internet fraud, including phishing

4. **Claim:** Passage of this bill can negatively impact the State of Hawaii in other monetary ways.

**Fact:** There is no doubt real estate SALES have slumped over the past several years. We are just beginning to see buyers step back into the market. Honest Brokers will tell you

virtually all potential buyers ask this question. "Can I offset my payments, insurance etc. by renting it to vacationers?"

Renting condos are not nearly as profitable as many imagine. If you rent it on your own you have the costs of advertisements. It is common to spend \$2,000-\$4000 per year on advertising alone. One has to have proper insurance coverage, which is costly.

If you rent through a Broker they take 30% to 55% of your profits.

Nobody in their right mind will buy a condo knowing fully well they are going to lose 30% to 55% of their income when they can go to Florida, Texas, California or virtually anywhere on earth and rent their condo on the Internet and make a profit. If this proposal passes we will set our condo sales recovery effort back 5- 10 years.

5. Claim: MHLA strongly believes that all properties in the "transient rental business" should operate on the same level playing field. All transient accommodation rentals should be assessed and taxed on an

equitable basis with hotels, timeshares and resort condominiums. Their operations must be legal, and in compliance with all Federal, State and County laws and regulations. Requiring all property owners to rent their transient accommodations under the auspices of the real estate commission will help to ensure that all property owners in this rental market pay their fair share.

Fact: We individual owners absolutely agree that we all need a level playing field. We already have laws on the books demanding we do so.

By demanding that owners who choose to rent their own condos cough up 20%-50% of our profits we are not only tilting the playing field, we are destroying it. The great majority of us pay our GE and TA taxes religiously. Realtors demanding a portion of our profit is nothing short of a mafia style shakedown!

Most of us who rent our own condos started with a Realtor or Property Manager.

They either did not satisfy our guests or our needs or they let us down in some manner or we would still be with them.

I can see many owners giving up and putting their condos up for sale if this passes which equals NO TAX. No GE, No TA, No Sales tax. No realtor commissions.

6. Claim: Realtors are better equipped to inform and assist renters.

Fact: There are many front offices all around Maui who have an "agent" in the front office who is not licensed by the State of Hawaii to sell real estate. We have one in our front office at my resort. A Realtor charges our rental association a % to do the books and allows the front office personnel to do business with the Realtors license hanging on the wall. This is a sham in itself. This front office agent has nothing to do with the Realtor except to turn in information at the end of each month.

The Realtor is on property perhaps 2 times per month to gather that info. In other words, the front office people in many of these resorts do nothing more than I do in relation to helping a guest or making sure the GE and TA taxes are paid and I'm 4,500 miles away!

In fact I argue my guests are far more prepared when they arrive on island because I have only one party to focus on rather than 50 (by one unlicensed agent).

The agent can not even describe to the potential renter what the exact condo will look like when the guests arrive because that agent does not know which unit the guest will be in.

I know where my guest will be and I know every single thing there is to know about my condo and it's shared with my guest BEFORE they arrive.

7. Claim: In House testimony RICO testified: "RICO notes that rentals by non-resident owners be conducted through a real estate licensee will be difficult to implement. Although many owners of transient accommodations operate in compliance with applicable county laws, it is no secret that there are a sizeable number of owners that do not.  
Fact: Rico is right. There will never be a perfect way to collect all the taxes owed however, there are methods that ensure more individuals pay their fair share. Perhaps guests should fill out a form as they fly to Maui giving their dates and where they are staying. Obviously the rates each pay per night will vary but at least the State will have some degree of knowledge of length of stay.

Ladies and Gentlemen, I want to thank you for your time. I realize this is a long letter of testimony. There is so much more to be added. I have rented my condos from Florida to Maui for years. I enjoy it and am relatively good at doing it but I will tell you there is nobody who will put more effort into renting property than an individual who owns it. That means more GE and TA taxes for the State. The Brokers will not put as much effort into it because they have an array of owners to profit from.

There are far more individual owners out there than most people can fathom and we're here for two major reasons. To help our guests have the best experience EVER and to make a profit based on OUR efforts.

Just know that there is no perfect fix for virtually any situation and also know that some situations are overblown especially by the people or groups who stand to benefit from over blowing the problem  
If the Realtors and Brokers want the piece of pie they lost years ago by taking advantage of us owners I suggest they change their business model. Remember, VRBO, VacationRentals.com, HomeAway.com and all the other Internet search engines are tremendously popular because they help owners AND renters.  
They did not exist a few decades ago. They evolved out for a reason.  
The auto industry had to change it's business model to survive. The telephone and cable companies had to change they way they do business to survive.  
I suggest the Realtors and Brokers change their business methods rather than come to you, the Senate of Hawaii demanding you hand them part of my (and other individual owners) profits.  
Please do not pass this proposal. It is unconstitutional and will set our State tax coffers and our real estate sales backwards the moment it takes effect.  
We will make every attempt to make sure our fellow individual renter/owners pay their share of taxes. It's only right.  
Mahalo! Don Brattin  
206 Stoneridge Estates  
Branson, Mo. 65616. 417-335-1286.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Deborah B Geeseman  
Organization: Individual  
E-mail: [kumuna@alaska.net](mailto:kumuna@alaska.net)  
Submitted on: 2/25/2012

Comments:

To State of Hawaii regarding SB 2089

I am an Alaskan resident who fell in love with the Puna area. I purposely designed and built a house there to rent out as a vacation rental and to have for my personal use in the future. By doing so, initially I provided employment for the people involved in the construction. Now I provide employment for my manager, housekeepers, and various other necessary trades.

I have faithfully paid my Hawaiian GE and TAT taxes since I opened my business. I am a small, 1-home vacation rental business, and am considered an "active participant" in my operation according to IRS classification.

If SB 2089 passes, I will not be able to keep my home as a vacation rental. It will force me to close my business. Real estate managers charge a much higher rate (though all inclusive) AND it will change my IRS classification to "passive"; any income gained would be "passive income" and I would lose many of my deductions for the operation. The combined increase cost for management and the decrease in tax write-off would make this business venture very unprofitable.

I strongly oppose SB2089 which allows big business to take over small private enterprise. If it passes, I will be one business that will cease to exist. Then I will not be providing the state with monies for 'bed' taxes nor employment for local workers. PLEASE VOTE AGAINST SB2089.

Mahalo.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Shannon McWhorter  
Organization: Individual  
E-mail: [shannon@sequoiagas.com](mailto:shannon@sequoiagas.com)  
Submitted on: 2/25/2012

Comments:

As a vacation property owner, I am very concerned about this bill and my rights. I have paid all the transient taxes to the state like clock work and take exception to the blanket term that I am a tax cheat. I don't need a property

manager to handle my property, and you don't need one to collect taxes, I already do it. This bill is a money grab by the management companies, plain and simple. I implore you to oppose this bill.

February 22, 2012

To: Members of the Hawaii Senate & Legislature

RE: Proposed legislation SB2089 and HB1707

We are currently vacationing on the island of Maui and became aware of this pending legislation. Our family has been traveling to Hawaii for the past 33 years. During those 33 years we missed vacationing on these Islands only one year. However, a number of those years we visited multiple times.

Over those many years of visiting the Islands our family has spent substantial discretionary resources on lodging, auto rental, food, entertainment, gifts, etc., which I would assume has helped to support the economy and provide jobs for Island residents.

We have been looking into buying a condominium (condo) on the island of Maui with very serious consideration to making the investment to purchase a condo this year. Fortunately, we were alerted to this potential legislation. Whether or not this potential legislation passes, we will not now invest our hard earned capital in a State that increasingly exhibits contempt for non-resident investors. Over the past several years, the true color of Hawaii's attitude toward outside investors has become more and more evident. The very investors whose investment capital brought economic vitality to these islands and whose economic investment in, and commitment to, these islands was most certainly a material contributor to making the islands an attractive destination are now held in contempt. Over the years those investment dollars provided thousands of construction, consultant, and multiple service industry jobs to facilitate the capital investment not to mention the substantial job multiplier of those directly related jobs. The livelihood of many island residents was sustained by non-resident investors. Those investment dollars, in many cases, also helped to fund/construct affordable housing and the creation of parks and other amenities for the benefit of island residents. Those investors continue to fund the maintenance of many parks and other community amenities. Additionally, the State and counties benefit from substantial property taxes and other innumerable fees and assessments which they continually seek to increase. Notwithstanding the benefits the Islands have realized through non-resident capital investment, the State and counties seem increasingly bent on assessing burdensome regulations, fees, taxes, assessments, etc. on that non-resident investment capital.

It is sad that after the State, island counties and their residents benefited substantially from the investment funds committed by non-resident investors, they now desire to suck the economic vitality right out of those investments. This pending legislation will most certainly substantially impair the value of those investments.

I have worked in the real estate industry for the better part of 34 years and it is my experienced opinion that real estate agents, whether acting in the capacity of a broker, manager or consultant/advisor are not any more honest than the average American citizen. Nor are they any more capable than the average American citizen of making payments on legal assessments, fees, and taxes. I also do not believe that Island residents are any more honest or capable than the average American citizen when it comes to paying assessments, fees, taxes, etc. To draw a



distinction between a resident and non-resident, in this context, is offensive and further evidence of the State's contempt toward non-residents.

Such distinctions only emphasize what is becoming increasingly clear, that the residents and government of this State are becoming more and more contemptuous of those who visit and invest in the State. It is as though non-resident investors and visitors are tolerated only because the Islands are dependent upon the expenditure of those discretionary resources but they sincerely wish they did not have to do so.

Certainly, a major consideration in the drafting of this potential legislation is the transfer of income from non-resident investors, whose capital helped to make the Islands an attractive destination, to the residents of the islands who will charge substantial fees for their services which are not really needed. I can not think of any other jurisdiction in this country where an owner is required to use a real estate agent to conduct rental activities on his own property. Owners spend money and time to develop relationships with their potential renters and want to naturally protect those relationships. Your potential legislation will essentially neuter the ability of an owner to protect that very personal relationship. This legislation will unnecessarily insert an intermediary between the owner and his renter and you can be assured that those brokers/agents will most certainly try to secure that potential renter as their client in the future. Owners will substantially lose their ability to set the pricing of their own real estate as brokers/agents will be in the proverbial driver's seat to divert business wherever they want and for whatever reason they want. Surely you can also appreciate that if an owner is "**required**" to use an agent those agents will feel much more relaxed in assessing inappropriately high fees for services which are not even needed by the owner. Additionally, brokers/agents know that it is difficult for an owner to change brokers/agents when that owner lives in a distant locale making it difficult to personally interview potential replacement brokers/agents. This will allow brokers/agents to provide substandard service for relatively high fees due to the difficulties associated with making a change. Brokers/agents will also be inclined to direct business towards their favored clients. One can only imagine what may be required to become a favored client of a broker/agent. And **please** explain why this State feels it is appropriate to subject non-resident owners to these risks, and inappropriate burdens and not its own residents!!

This potential legislation will most certainly discourage investment capital because investors are becoming increasingly aware that after they make the commitment to Hawaii, The State and county governments will reward them with punishing retention costs and regulations. But perhaps this is just a way for the State to effectively condemn non-residential investment and reclaim ownership for the benefit of its residents.

Hawaii should not forget that there are many other beautiful, fun, safe, family friendly vacation destinations where both the government and community are friendly towards, and appreciative of, non-resident investor capital and ownership and do all they reasonably can to attract both. I know of hardly any other location which punishes its investors as heavily as the Islands do.

We believe non-resident home owners throughout the Islands will become increasingly incentivized to use internet, blogs, and social networking sites to organize and dispense the unvarnished truth about Hawaii's feelings towards investors and non-residents. A state's biased marketing campaign can be effectively countered by an organized grass roots effort to expose the truth. Other travel destinations will also be able to effectively use the truth about Hawaii's attitudes and costs considerations to draw sustainable points of attractive distinction in promoting their locale for investment capital and attractive home ownership. Our message to all we can reach out to will be; "stay away from Hawaii whether traveler or investor. Island residents only tolerate you to the

extent absolutely needed. If you commit any investment dollars to them they will soak every possible dollar out of you over time. Their attempts to assess fees, taxes and regulations will be never ending with the apparent goal of reclaiming ownership of your investment at pennies on the dollar for their residents. They have nothing but contempt towards you as a non-resident investor." It is important to remember that investment capital is fungible and very flexible. It will go where it is appreciated and rewarded, not where it is punished. This potential legislation does not have just a one sided impact of benefiting the State and its residents. It will reduce the attractiveness of non-resident home ownership and consequently residential property values thus reducing the property taxes the island counties can appropriately expect to realize. Further, it will serve as another warning to future investment capital, not just non-resident home investors, but to investors in general that Hawaii's government(s) (county and state) will relentlessly pursue recapture of asset ownership they believe is desirable to be controlled/owned by its own residents rather than the investor through income transfer, inordinate tax burdens or any means it can contrive. Perhaps this is the States attempt, or hidden agenda, to collapse non-resident condo/home prices making non-resident ownership so unattractive that Island residents will be able to acquire non-resident condos/homes for pennies on the dollar. If there is one realization that governments should now more fully appreciate from the recent economic downturn, it is that local economies are substantially dependent on the health and vitality of their residential real estate market. Markets which close themselves off from, or become unattractive to, outside investors eventually realize that their short-sighted actions sapped the long term economic vitality of the very communities they sought to preserve and flourish. Hawaii may be very close to "killing the goose that laid the golden egg."

While I am now fully dissuaded from purchasing a condominium or home on the Islands and increasingly dissatisfied with the contempt for investors and non-residents, I would hope my thoughts might cause you think upon the message your legislative agenda targeted at non-resident home owners, timeshare owners, etc over the past several years has sent to non-resident investors and travelers.

Respectfully,  
Roger & Annette Newman

Object to this new law:we have stayed in hawaii and enjoyed meeting our actual condo owner.they dealt with any problems we had quickly. Made the trip more personal.

Sent from my BlackBerry device on the Rogers Wireless Network

I am writing as a concerned tourist that recently visited the great state of Hawaii and rented a condo through a VRBO owner. The expense of airfare and other parts of the trip were steep and I was so happy to find a place that was well taken care of and affordable. My experience with the owner was top rate. If I had to pay 25-40% more for the same accommodations the trip would not have been possible. I was happy to share my hard earned money with the government of Hawaii by paying taxes on the condo, the experience was worth it. Please reconsider the current senate bill that would make it so tourists like myself wouldn't be able to afford to visit such a wonderful state.

Jodi Mortensen  
Salt Lake City, Utah

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Dan Barrett  
Organization: Individual  
E-mail: [barretdan@gmail.com](mailto:barretdan@gmail.com)  
Submitted on: 2/25/2012

Comments:

After purchasing a condo on Maui one year ago and spending over \$15,000.00 in furnishing as well as using the Bank of Hawaii to fund the property we sincerely ask that you do not support SB 2089. If it passes we may have to sell the property and thus end our life long plan to retire on Maui in 5 year. I believe this would be a huge loss of tax revenue as well as the goods and services we would be buying over the course of many, many years.

We pay our HI state tax diligently ( our tax ID is W 01714750 ) and always tell the other owners to do so as well. Please oppose SB 2089!

Sincerely,  
Dan & Marla Barrett

Renting from owner was a good experience. Had a wonderful time. We paid taxes if that is your worry. Also if the rents go up to cover management cost we will no longer visit your island and we have been coming at least every other year for 2 weeks at a time for the past 20 years

Sent from my iPad

To Whom it May Concern:

Our family has rented condos (and paid tax!) from people who own condos in Maui and Kauai for over 20 years. We love the personal nature of the rental experience when we deal with the owners directly, and also appreciate the fact that the prices allow us to visit the beautiful islands more often.

When we heard about this possible change in laws, we were very concerned. If the prices are affected and owners can no longer rent directly, the rent will go up and we will not be able to afford as many vacations to the islands. When we have rented through a property management company, we found the costs higher, and the management company much less concerned about the quality of our stay. Dealing with the owners has been delightful and our experiences have been wonderfully personal.

We love Hawaii and love the people we rent from. We know that we pay the taxes and we also know that the condo owners remit the taxes (we know as we asked!!). Please think this over and reconsider this very unfair bill. Our hope is to continue visiting the islands and dealing with the wonderful people that own the condos directly.

Sincerely,

**Mary-Lynn Bellamy-Willms**  
Partner | CEO | Suburbia Advertising



250-744-1231 x228

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A look at issues and trends in retail branding.

**Barry L Abrahams**  
4399 N Placita de Sandra  
Tucson, AZ 85718

I am currently an executor for an estate that owns a transient rental property on the Island of Hawaii. We currently have an employee in Hawaii that takes care of our guests and services the transient rental.

In reading SB2089 there are several issues that I see with the proposed legislation. First, it attempts to address a supposed Tax collection issue by imposing a specific and potentially expensive solution on transient rental property owners when there already exists statutes and penalties for non-compliance with Hawaii Tax Laws.

Next it does not address issues such as:

1. Estates where the Trustee is a non-Hawaii Resident
2. Non-Hawaii Estates where the Trustee is a Hawaii resident
3. Property that is partially owned by a Hawaii Resident and Partially by a Non-Resident
4. Transient property which has existing bookings well into the future.

5. Transient property that is represented by a current real estate broker.

I recognize that some of these issues will be addressed by the specific language that is created to implement SB2089, however, these are substantial issues to current owners and Trustees of such property.

Finally, some of us are in a tenuous financial position where the added expense incurred by hiring a licensed representative makes continued ownership undesirable, however the current real estate market also makes it financially difficult to divest the property.

The proper approach is for the State of Hawaii, Department of Taxation to identify transient rental property owners who are not complying with Hawaii tax laws rather than imposing additional expenses on those of us who are complying, unless the real motivation has nothing to do with Tax compliance.

Sincerely,

Barry L Abrahams

I am opposed to SB 2089. I had a wonderful experience renting directly from an owner while visiting HI from CO. If I am forced to go through a property mgt company I will stay mainland side for future vacations. We had a wonderful experience and we paid taxes when renting from an owner in HI. Please don't make this change. We have had worse experiences in FL & costs were higher when using property mgt.

Opposed to SB 2089

Jay C

### **"Oppose SB2089".**

We had several options when considering the investment of a warm weather getaway that we could vacation rent to help defray the cost. Mexico, The Caribbean, Arizona and others had plenty of properties to choose from. We chose Maui because we had rented from private owners through VRBO for several years, we feel strongly in investing in America and we could manage it ourselves. One of the first things we did was register with the tax department as all of the other owners at our complex informed us that taxes needed to be collected and paid. All of our private rentals have been professionally handled and in all cases the owners have collected the HI State tax and I would like to see the data that the supporters of the bills are allegations that non-resident owners are not paying taxes that are owed to Hawaii and that they are generally mis-managed. I understand that the Department of Taxation testified at one hearing and even they couldn't cite any data showing that non-resident owners aren't paying their taxes. If tax collection is the issue, then Hawaii should be doing a better job of enforcement, not punishing the law-abiding owners. I fail to see how going through a realtor would stop illegal rentals. If an owner is currently renting illegally, not paying taxes and getting away with it, why wouldn't they just bypass the realtor in the future? More regulation and reduced property rights is **NOT** the answer.

The realtors that support these bills clearly have a vested interest in passage of these types of bills. We only own 1 unit and do not make a lot of money on it. What we charge covers our monthly costs, and helps finance our stays on beautiful Maui. Income from the unit doesn't provide a return on our initial investment of the property and renovations which was 100%

spent in the local economy. Passage of this bill would give realtors that own units an unfair advantage. If we have to pay 15 to 45% of our rentals to a realtor, we will have to reconsider ownership. I am sure that is true for many owners and the market could suddenly be flooded with properties that owners can no longer afford to keep. The real estate market in Hawaii is starting to recover. These bills would do irreparable damage to that recovery.

Respectfully submitted

Larry Leith – Condo Owner in Maalaea Bay, Maui

I am completely opposed to the referenced bill. I had the pleasure of renting from Sylvia Remington in 2011 and very much enjoyed our stay on the Big Island. If the bill were in effect with the expected higher rental fees it is doubtful my family would have traveled to the islands last year.

David Eulberg

I have used vacation rental sites to choose where to stay in Hawaii in the past and will do so in the future. If 25-40% is added for management fees, we would rethink renting. All the owners have always charged the proper tax, and this bill punishes them by reducing their income, and will be a huge deterrent for renters.

Please vote to oppose this bill.

Helen Thompson  
Emeryville, California  
renter in Maui and Kauai

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Matthew Lofton  
Organization: Individual  
E-mail: [mlofton@socal.rr.com](mailto:mlofton@socal.rr.com)  
Submitted on: 2/25/2012

Comments:

As a semi-frequent visitor to the lovely state of Hawaii I am dismayed to read there is legislation afoot to deprive home owners of independence to rent property. I used VBRO in August of 2010 (currently planning August trip) to rent two lovely homes, one on Maui and the other on Hawaii. I saved thousands of dollars by not renting hotel rooms. I transferred those savings into dollars spent with small business owners either through service or food purchases. Both owners of these residences billed me accordingly including all local and State taxes and I was fully aware I needed to cover these taxes to rent these homes.

As a Geographer, I see a clear attempt to generate unearned income by a relatively small demographic-Realtor's-at the expense of a much larger

demographic-small service providers like Zip line owners, restaurants, small independent groceries and the like. I like to travel to the islands because of the diversity of landscape and more importantly I truly enjoy interacting with the sheer volume of culture. I like to do this for 3 weeks at a time, but if you prefer 2 weeks will have to do. If you choose to add a service fee of 20 to 40%. I will certainly want to enjoy all the services provided by all the independent operators throughout the island I visit. In creating this unwarranted fee for a small group of people you must be willing to lose at least this amount for the much larger group of people. Remember the old adage, if one person does it, so will many more.

To whom it may concern,

As a UK resident, I am emailing to voice my concern and strong opposition to the above proposal. My husband and I travel to the beautiful Hawaiian islands every 2 years and we choose to rent private owned and managed homes; primarily because of the personal service we receive. We want a property that has a name, not a "unit number" and we want to know who the owner is. What we do not want is some corporate identity.

Accordingly, I would ask you to note my objection to the proposal of SB2089 and continue to allow the responsible homeowners of your beautiful islands to manage their own properties.

Of course, if a third party becomes involved in managing properties, they will add on their fees (and ridiculous charges for administration and any other "price hike" they can think of). In theory, that will raise additional taxes. In practise, however, I these inevitable rental rises will result in fewer visitors and/or shorter vacations so, in the long run, Hawaii will lose out.

Please, please allow the freedom of choice to remain, and let those of us who prefer to stay in owner managed homes do so.

Regards

Janet Moreton  
Thorny Cottage  
Claypit Lane  
Bournheath  
Bromsgrove  
Worcestershire  
England  
B61 9LA.

To Whom it may concern,

I am writing this letter as a concerned traveler, who enjoys spending my vacation time in Hawaii. Being someone who helps to contribute to Hawaii's economy and tourism income, I am strongly opposed to the bill SB 2089. I have used VRBO several times as a means of securing my accommodations, and in turn I have always had excellent experiences. The owners I have worked with have been responsible, kind, gracious and a pleasure to work with. They clearly take great pride in their investment and sincerely wish for us to enjoy our time spent in their units. They have been clear to collect the required taxes, and in turn have paid what is due to the Government. All of this has been successfully accomplished on their own, without the need of a Realtor or Property Manager. If this bill passes what it means to me, as a consumer, is an overall increase in cost. Rates on unit rentals will be increased by a large percentage in order to cover the cost of management. I can tell you that neither the Government, nor the owner will make anymore profit by passing this bill. The only one "benefiting and profiting" will be the Realtors and Property Managers. I believe that this will ultimately jeopardize Hawaii's tourism income. It would definitely make me rethink where I might want to spend my money on my next vacation. There are many beautiful tropical vacation destinations available to us, and if this bill passes, I believe Hawaii will likely see a drop in their tourism rate. I ask you to please rethink this bill. I believe that as the owner of the property, they "the owner" should have the right to make decisions on what they want to do with their property, and that should include whether or not they want to hire a Property Manager. After all, it is "their" property, and "their" investment.

Thank you for taking the time to read this letter. I do hope you will consider my concerns, and that it helps those involved in making the final decision see why bill SB 2089 should be thrown out.

Sincerely,  
Caroline Brady (avid traveler)

Sent from my iPad

Re: SB 2089 & HB 1707

I am a nonresident vacation rental owner with property on the island of Hawaii. I have owned vacation rentals for the last 25 years in Hawaii and Oregon. I have used Real Estate companies, property management companies such as SunQuest Hawaii, and have managed them myself with the help of local caretakers, repair companies and local friends. The best results I have had **BY FAR** is when I manage my property myself. I have far more control of who and how many people are using my property. I also have way less wear and tear and damage to my property. My unit is also cleaned and better maintained than those managed by a realtor or management company. Our condo association manager would much rather have owner/managers than a real estate company or Vacation Rental agent manage their property. Because they have far less problems.

I **don't want** a real estate agent or Vacation rental agent managing my property! I do a much better job myself. I collect and pay all of the GET & TA tax I owe. There should not be a law that tells me who I have to use to manage my property.

The problem you have is **not** a management problem! What it may be is a revenue problem.



However this law will do nothing to collect more taxes. What it will do is create more problems and increase the cost of renting a vacation home in Hawaii. Making it more expensive for people to travel here and ultimately reducing revenue because people can't afford to come to Hawaii. Lost rentals equals lost tax revenue.

The online services such as VRBO have had tremendous impact in keeping rental rates down, making vacationing in Hawaii affordable for a lot of people. The thousands and thousands of homes and condo's listed on VRBO and other online sites are all separate businesses, competing against each other for the vacation traveler's business. It is a free enterprise system at its finest.

***What his bill would do is eliminate all the competition*** and let a few very large property managers and realtor's control the market and the prices. I would in effect create a monopoly for the realtors'. The attractiveness of purchasing property for a vacation rental would diminish and this would further suppress property values. Hurting everyone in Hawaii that owns real estate.

Please do not support this bad law. It is unfair and it is discriminatory, and it has far reaching effects.

If the finance committee wants to collect more tax revenue then increase the enforcement and collecting the tax owed. Increase the fines and penalties for not paying the tax and start a whistle blower program to encourage reporting cheats. Make the fines very severe. Don't throw the baby out with the bath water!

Thank you for your consideration

David L Towry Sr

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: David Goldson  
Organization: Individual  
E-mail: [fscrooner@hotmail.com](mailto:fscrooner@hotmail.com)  
Submitted on: 2/25/2012

Comments:

I reside in California, but have chosen to invest substantially in Hawaii where I own a condo at Kaanapli Shores.

I am vehemently against SB 2089 which is highly discriminatory and illegal per Hawaii law. It is blatantly unconstitutional, and destined for a horrific law suit if it is passed.

This bill is being pushed by some realtors who are seeking to create an egregious monopoly.

Owners such as myself generate a lot of revenue for Hawaii. We obey the law and pay our taxes, and do not deserve to be treated like criminals.

Dear Senators of the Great State of Hawaii

I am writing to you today to express my opposition to Senate Bill 2089.

I welcome an oversight or regulatory body whose principal role would be to protect tourists to Hawaii. We have regulations around hotels, day cares, hospitals, restaurants, etc., so there is no reason for private residence transient accomodation to be entirely unregulated. In principle, this bill addresses this issue. However, my concerns are as follows:

1. Notably missing from the legislation is the criteria the real estate commission can use to approve a property manager - and what mechanism they are allowed to use to de-approve a property manager. The lack of detail is deeply concerning and must be addressed before the bill can be properly considered.
2. If the criteria for approving a property manager were to include words to the effect of "must have a real estate license", this will effectively legislate a restriction on legal trade and will effectively legislate a monopoly in the State of Hawaii. There is no justification or net benefit to restricting trade or creating a monopoly in this industry.
3. I have a wonderful on island representative who has lived in Hawaii and has been in the industry for decades. I am able to monitor her work through regular communication and through follow up with my guests. If the legislation requires her to acquire or requires her to hire a person with a real estate license, she will more than likely go out of business, putting her and her staff of Hawaiian residents out of work.
4. I am far from convinced that realtors and real estate agents are the most qualified professionals to provide oversight of this industry as their training and expertise, and primary source of income is in a different sphere.

Alternative Solution:

I suggest that an oversight board comprised of owners, experienced property managers, qualified tradespeople, representatives of the department of Business, Economic Development, and Tourism, and representatives of local government be convened and charged with addressing the concerns which launched this initiative and providing appropriate new rules or guidelines and addressing issues which arise in the future.

Thank you for your time and attention.

Respectfully yours

Neal Halstead  
162 Patrick View SW  
Calgary, AB  
Canada T3H 3B1

Dear Senators:

As a private citizen with limited savings after 20 years of serving in State government, I urge you to protect that which I have worked for and have chosen to invest in the beautiful State of Hawaii.

This is the real face of most Vacation Rental by Owners. Most of us are not connected to large realty groups seeking to make our income primarily off of other people's investments. I am a public employee that had a dream to own a small piece of a place I love, and sharing my place through rental is the way to help make this happen.

It appears a group of opportunistic realtors want to profit off of my investment. Please do not allow this to happen.

Working for a State agency I understand the financial crunch many States are facing. The answer is NOT to penalize those who are playing by the rules, but rather we should be finding ways to capture the monies from those who are shorting the system. If you have issues with evaders, go after the evaders... do not penalize home owners who are paying their taxes and following the rules you have established.

As I explored what may be motivating this bill, I read testimony that appears to have been well orchestrated by the business realtors. The message I was seeing implied that that industry has come upon some hard times given recent economic trends. At least one management company representative cried that the emergence of the Rental by Owner growth has cut into their profits (as if any industry is entitled to profits.) Times have changed and the inflated fees that property management adds to the cost of rentals are going the way of the past. I'm sure the makers of 8-track tapes mourned the coming of cassette tapes, and they the onset of CD's, and they the onset of digital downloads. Like all products and service, a more affordable and better quality product will be a threat to the status quo. Vacationers can rent my place more economically because I am not looking for the profit margin that management companies seek. I don't have dozens of properties to juggle my time between. Most importantly, I know my renters are going to get a good quality place to stay, because it is where I go to stay when I am able.

I am a real person; I am a proud owner of a piece of Hawaii; I am a Hawaii tax payer; I am a small business owner in Hawaii; I am your ally not your enemy.

Please OPPOSE SB2089

Mahalo

Randal Sitton  
N 1730 Willamette Rd  
Liberty Lake, WA 990116  
(and proud owner of a condo in Kihei)

Just wanted to advise we would reconsider renting if we had to pay an additional 25 - 40% to rent in Hawaii. We had a very good experience dealing with the person we rented from.

Bob & Chris McQuiggan

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: lindsay adams  
Organization: Individual  
E-mail: [LINSAYA@YAHOO.COM](mailto:LINSAYA@YAHOO.COM)  
Submitted on: 2/25/2012

Comments:

I oppose this bill because I am a law abiding tax paying US citizen and I believe in my constitutional rights. I am a Hawaii resident. I work for a property manager and this would directly and negatively affect me. I have my own mortgage to worry about and if i lose my job i may lose my house. We pay my TAT/GE regularly and on time for all of our properties. We do not have out real estate license and do not charge the up surd fees that management companies do. We are on island, attentive to our few properties and create a genuinely comfortable experience for our guests who as a result return to Hawaii time and time again. The people we manage for are not rich. They are not buying up all kinds of Hawaii property, evading taxes and driving property value sky high. They are hard working individuals that share their properties with others at affordable prices in order to maintain their property. If they were FORCED to use a big management company that charges an excessive amount, (and does an inattentive job as they all do) it is very likely they would be forced to sell or even worse foreclose.

This bill falls far outside of the proper role of government and it infringes heavily upon property owner's rights. It will drive potential real estate buyers away from Hawaii in short forcing our already failing market down even further.

We purchased a small condo in Kihei almost 2 years ago, a lifelong dream of ours. We love our family time on Maui and when we're not using it we rent it out. We employ a management company to handle any emergency situations but we look after everything else ourselves. Because we do most of the work ourselves we're able to keep our rental rates low which in turn allows many people who would otherwise not be able to afford a trip to Hawaii to come here and contribute to the economy. We put our blood sweat and tears into renovating a derelict unit into a beautiful vacation home for all to enjoy. We pay our taxes in full and on time.

If this bill is passed we will be forced to sell our dream and take our tax dollars elsewhere. Many new buyers considering a second home or income property will not purchase one since they will not be permitted to self manage. They will invest in other markets. Increased fees will cause us to have to raise our rental rates and will have a negative impact on tourism, and an adverse effect on owners, resulting in more properties on the market, driving down real estate prices even further.

The existing tax laws need to be enforced. This bill unfairly targets law abiding, tax paying owners and discourages investment in the Hawaiian economy.

I love Maui...I hope we can stay!

Don Raymond

Calgary, Canada

I have been vacationing in Hawaii since 1980. It has just been brought to my attention that Hawaii is contemplating passing SB 2089 which would increase condo fees 30-45%. Renting from a private homeowner has been an extremely positive experience for me and my family. The homeowner ALWAYS includes GE and TAT fees in her quote. I love vacationing in the Hawaiian islands. If this passes, I will have to seriously rethink my future travel plans to the beautiful islands, which will be very disappointing.

In this economy, I hope you will reconsider passing SB 2089, as it would make it prohibitive for my family and I to travel to the place in which I truly love.

Please do not let this happen.

Diane M. Davis  
4020 N. Nettleton  
Spokane, WA 99205

Hello:

Please oppose SB 2089. I rented a condo on Kaanapali Beach in Maui directly from the owner in 2010. It was a great experience and I hope to return, especially if the cost is still affordable. I did pay the tax.

Please allow owners to directly rent out there units to vacationers such as myself.

Thank you,

Jerome de Vente, MD  
Orange, CA

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Patricia G Schramm  
Organization: Individual  
E-mail: [trishschramm@charter.net](mailto:trishschramm@charter.net)  
Submitted on: 2/25/2012

Comments:

It takes a lot of saving and planning to visit paradise. When visiting, your stores, restaurants, bars, tour guides etc. are all patronized and gladly so.

Visitors meet the people they're paying and, if treated well, they return and pay them more because they like doing business with them. I prefer and require securing lodging from someone I know and trust. The thought of some over reaching bureaucratic commission sticking their nose in, or rather, their open hands to get a piece of what I'm spending sickens me. It reeks of pocket padding corruption and will certainly result in visitors looking elsewhere to vacation. Bad Form...very bad form.

As a frequent visitor and tourist of the great islands of Hawaii, my wife and I are strongly opposed to bill SB2089. We are huge fans of VRBO as an extremely legitimate and convenient rental channel for owners there.

Thank you,

Ken and Tracy Stellmacher  
5054 Tesoro Way  
El Dorado Hills, CA 95762

I reside in Colorado but love to vacation in the beautiful state of Hawaii. Our favorite island is Kauai which we have visited many times. Each time we visit we rent a home from the homeowner, typically on a web site called VRBO. We have always had good experiences and never any issues. I understand that there is a bill that would require local realty agents to lease these homes at a rate of 20 to 30 % of the total rental price. I can't believe that this is anything more than a self serving method of one industry to get government sponsorship. We rent vacation homes in other states such as the Outer Banks of North Carolina where local rental agents are very common but the fee is closer to \$150 to \$160 on a \$5000 rental not 20 to 30 %. The proposed rate is insane. People like myself intentionally rent directly from property owners primarily because of reduced cost and secondarily because of unfortunate past experiences with rental companies. This proposal may be seen as a way to increase revenue for the state of Hawaii but I can't believe that it will have a positive affect. With the ever increasing cost of air fair and the already high costs associated with Hawaii adding another fee, such as that contemplated, will cause me and countless others to look elsewhere for vacation homes. This bill can only have an ultimate negative effect. I urge you to please reconsider.

Michael Dorsch  
Golden, CO.

Renting direct from an owner was a good experience for me and I paid tax when I rented! I was well taken care of.

If the cost of 25% - 40% more for the same home is made a requirement to home owners who want to manage their own homes I may have to rethink renting a home when I vacation in Hawaii. I don't think I will be able to pay the higher rent which the owner would have to pass on to me.

Ruth Hershberger  
Abbeville SC

Aloha to the Hawaii Senate,

As a past resident (23 yrs. kamaaina to the center of my heart) and now frequent tourist to Hawaii, I feel I must write to you to oppose this measure (SB2089)I and my adult girls (born at Kapiolani) have used vacation rentals several times in the past and thoroughly enjoy dealing straight with the owner. It is just more personable. Not to mention the the "aloha" can flow "more easy" dealing with the owner. "Sometimes can get mo betta deal straight with the owner." And that means more money to spend on other things. Right?

Please consider this carefully. Hawaii is already expensive. Tourists don't need a middle man.

With much "aloha,"

Mark D Traeger  
Las Vegas, NV.

I am a Canadian non-resident owner of a condominium on the Big Island. I have owned the property since 2004 and it has been rented as a vacation rental (transient accommodation ) since I purchased it. I have become aware of proposed legislation which would impose the services of a real estate agent on me to manage my property. I fundamentally oppose this proposed legislation as it appears to be a thinly disguised attempt by Real Estate Agents acting as Property Managers in the State of Hawaii to save an outdated and inefficient business model by discriminating against non resident owners.

Has consideration been given to the implications of the legislation under the North American Free Trade Agreement (NAFTA)? The proposed legislation could be considered to discriminatory against Canadian investors and property owners. The proposed legislation does not apply equally to both Hawaii residents as well as non-residents. I am not familiar with US constitutional law but I would be surprised if this legislation is not challenged on a constitutional basis by US residents if it becomes law.

Proponents of this bill make unfounded assertions about a potential tax loss to the State of Hawaii as a result of non payment of taxes by non-resident owners of property. In their assertions they fail to cite any academic or State of Hawaii study to support such claims. I am sure that the State of Hawaii ( like all other tax jurisdictions in North America) maintain an enforcement division of their tax collection authority and if this alleged tax loss was as significant as suggested by , it would be well publicized and widely known.

When I purchased the condominium on the Big Island I made sure to register with the appropriate tax authority and have used the services of a resident CPA to file my annual tax returns and to reconcile my annual TA payments and GE taxes for me. I have made all of the required tax remittances on time and have had no issues with doing so in large part because of the online access to the State of Hawaii e-filing system. I am offended by the argument made by advocates of this legislation that non-residents owners do not pay their taxes.

Since 2004 I used a Property Management company on the Big Island to manage my property and to distribute the revenue to me. At no time did they withhold and remit any taxes on my behalf. I am quite surprised to hear that one rationale put forward by Property Management companies for SB2089 is so that the appropriate taxes are paid by property owners by property managers when it was never my experience that they remitted any taxes on my behalf anyway.

I terminated my business arrangement with my Property Manager in November 2011 and have managed the property on my own through an online booking website since that time. The reason I terminated the business arrangement I had with the Property Manager was because, by their own admission, their business model was in decline and they were facing significant competition from online booking websites. I was faced with a business decision to either watch my revenue continue to decline or manage my bookings online on my own.

There has been an ongoing trend in the travel industry over the last decade for consumers to make their own choices for airline travel, rental cars and accommodation online. The natural evolution in this process is that owners of vacation property have found a means for managing their property and consumers have voted with their wallets.

The attempt by Property Managers to reverse this process in the State of Hawaii will only serve to disadvantage the Hawaiian economy in an area that Hawaii should have a distinct advantage over other jurisdictions.

The geographic isolation of the State of Hawaii means that Hawaii should be a leader in e-commerce and embrace e-tourism.

As a result I would ask that the legislators of the State of Hawaii give no further consideration to SB2089.

Thank You  
James Long

Timberline Land Co. HI, LLC

Just a note to let you know that the Alii Kai timeshare my friend and I rented in Kauai was a great experience for us. It was a beautiful place, clean and with all the amenities we could have dreamed of. If I recall we paid the taxes when we rented the condo. Please don't ruin a good thing for the majority of the people like us, who are just looking for a nice place to go for a vacation at a reasonable rate. If this bill is passes, I for one, won't be able to afford to rent a timeshare again.



Sincerely,

Pat Pia  
[Piaslcut@yahoo.com](mailto:Piaslcut@yahoo.com)

I wanted to register my opposition to SB 2089.

Two summers ago, I rented a condo that I found online at Kuhio Shores on the lovely Kauai directly from the owner.

Renting from the owner was a great experience, and I paid tax when I rented from the owner.

If SB 2089 goes through and costs jump 25-40% for the same condo, it would cause me to rethink my next visit to Hawaii for vacation.

Thank you for your consideration.

Drew Jack  
San Diego, CA

Dear Governor Abercrombie,

Please note that as a past and (hopeful) future tourist of Hawaii, I am steadfastly opposed to SB 2089 and HB 1706. Due in large part to the recession, my wife and I found extremely affordable housing using VRBO two summers ago on three different Hawaiian islands. So, with airfares also depressed, our family spent over two weeks touring your fabulous islands (our video evidence is [here](#) – it's quite nice and well worth five minutes of time to watch it).

We spent our time in wonderful condos on Maui and Kauai, and in a B&B on the Big Island. In all three cases, the owners of these establishments went out of their way to ensure that our visit was extremely memorable – *treating us as we'd treat our own family members*. We also paid taxes on our stays – and I assume those taxes were paid to the State of Hawaii (I'm sure there are laws to ensure timely reporting and payments). *Our visit was so special, in large part, due to the fact that we dealt with the property owners* – not some faceless agency whose number one interest is collecting fees.

So – it comes as a HUGE surprise to me that you seem to be in favor of a law that mandates non-resident owners of a property in Hawaii who rents their housing as a short-term rental must rent through a licensed real estate salesperson or broker. While this sounds good in principle, there is no doubt that this will negatively impact your tourism business – a business that your state depends heavily upon. I assure you that if the cost of renting a nice condo in Maui or Kauai goes up by 25% (or more), we will NOT be headed west next summer – we'll travel somewhere in the Caribbean instead.

If this bill passes, the only people to benefit will be the property rental managers – not the State of Hawaii.

Very best regards,

Dave Hidding  
<http://thinkofdave.com>  
404.939.3331

I am opposed to SB 2089. I visit Hawaii every time I get a chance and want you to know that if the cost is 25% - 40% more for the same condo because of the new requirement to use a management company, I will rethink my plans to make my destination Hawaii. It is faster for me to get to the Carribean, but I prefer Hawaii.

SB 2089 may price (and aggravate) me, and other regular tourists, completely out of the Hawaiiin market. If collecting taxes is your problem, find a better way to collect taxes, don't create another problem. I know the owner of the condo we use is honest. Don't punish the many for the actions of a few!

Please do not legislate us out of your beautiful islands.

Think again!!

Than you for listening,  
Steve Hogg  
Oklahoma

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Yvonne Gilbert  
Organization: Individual  
E-mail: [Yvonnegilbert744@gmail.com](mailto:Yvonnegilbert744@gmail.com)  
Submitted on: 2/25/2012

Comments:

I am an owner of a condo at Waipouli Beach Resort and manage my condo by renting through VRBO and Home Away. I take this investment very seriously and I pay my TAT, GE and property tax on this property. This act to not allow me to manage my property is unconstitutional. How in the world can the state of Hawaii come into our home and tell us what we can do with our property. We have mortgages to pay. You are going to further destroy the real estate market of Hawaii. No one will want to make an investment on your Islands.

I am a Canadian non-resident owner of a condominium on the Big Island. I have owned the property since 2004 and it has been rented as a vacation rental (transient accommodation ) since I purchased it. I have become aware of proposed legislation which would impose the services of a real estate agent on me to manage my property. I fundamentally oppose this proposed legislation as it appears to be a thinly disguised attempt by Real Estate Agents acting as Property Managers in the State of Hawaii to save an outdated and inefficient business model by discriminating against non resident owners.

Has consideration been given to the implications of the legislation under the North American Free Trade Agreement (NAFTA)? The proposed legislation could be considered to discriminatory against Canadian investors and property owners. The proposed legislation does not apply equally to both Hawaii residents as well as non-residents. I am not familiar with US

constitutional law but I would be surprised if this legislation is not challenged on a constitutional basis by US residents if it becomes law.

Proponents of this bill make unfounded assertions about a potential tax loss to the State of Hawaii as a result of non payment of taxes by non-resident owners of property. In their assertions they fail to cite any academic or State of Hawaii study to support such claims. I am sure that the State of Hawaii ( like all other tax jurisdictions in North America) maintain an enforcement division of their tax collection authority and if this alleged tax loss was as significant as suggested by , it would be well publicized and widely known.

When I purchased the condominium on the Big Island I made sure to register with the appropriate tax authority and have used the services of a resident CPA to file my annual tax returns and to reconcile my annual TA payments and GE taxes for me. I have made all of the required tax remittances on time and have had no issues with doing so in large part because of the online access to the State of Hawaii e-filing system. I am offended by the argument made by advocates of this legislation that non-residents owners do not pay their taxes.

Since 2004 I used a Property Management company on the Big Island to manage my property and to distribute the revenue to me. At no time did they withhold and remit any taxes on my behalf. I am quite surprised to hear that one rationale put forward by Property Management companies for SB2089 is so that the appropriate taxes are paid by property owners by property managers when it was never my experience that they remitted any taxes on my behalf anyway. I terminated my business arrangement with my Property Manager in November 2011 and have managed the property on my own through an online booking website since that time. The reason I terminated the business arrangement I had with the Property Manger was because, by their own admission, their business model was in decline and they were facing significant competition from online booking websites. I was faced with a business decision to either watch my revenue continue to decline or manage my bookings online on my own.

There has been an ongoing trend in the travel industry over the last decade for consumers to make their own choices for airline travel, rental cars and accommodation online. The natural evolution in this process is that owners of vacation property have found a means for managing their property and consumers have voted with their wallets.

The attempt by Property Managers to reverse this process in the State of Hawaii will only serve to disadvantage the Hawaiian economy in an area that Hawaii should have a distinct advantage over other jurisdictions.

The geographic isolation of the State of Hawaii means that Hawaii should be a leader in e-commerce and embrace e-tourism.

As a result I would ask that the legislators of the State of Hawaii give no further consideration to SB2089.

Thank You  
James Long

Timberline Land Co. HI, LLC

We rented a home direct from the owners on Kauai at the Princeville. The owners were fantastic to work with and we felt they enhanced our vacation. An increase of 25-40% would keep us from vacationing in Kauai.

Thank you-  
*Linda Danis*

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Ross Jasper  
Organization: Individual  
E-mail: [jasrbj@aol.com](mailto:jasrbj@aol.com)  
Submitted on: 2/25/2012

Comments:

We lived on Oahu for 25 years before moving to the mainland to be with our children. We are original owners of a condominium in Kihei. I was the first president of the AOA0 serving for 7 years. Having owned properties on both Oahu and Maui, I am intimately familiar with how the rental market works (rental management companies and Realtors). From my experience, owners who handle the rental of their property themselves generally:

- Maintain it in better condition which increases occupancy and fosters the Aloha spirit with visitors to Hawaii and generates return visits.
- Enjoy better occupancy and therefore pay more GET and TAT to the State of Hawaii.
- Help to maintain and increase the value of each unit in complex by making the purchase of the property more attractive to buyers thereby supporting increased sales prices and property tax valuations.

SB2089 appears to have been drafted to support special interests and seems more punitive (\$1000 fines and revenue reducing to owners due to added fees and commissions) than fiscally productive for the State of Hawaii. If owners who handle the rental of their property themselves have to turn their property over to real estate brokers or sales people or property management companies, the State of Hawaii will lose much needed revenue without any real rationale.

This will result from a number of causes: owners turning their units into long term rentals thereby not having to pay TAT; decreased TAT and GET due to lower occupancy as visitors look to other venues for better value as owners are forced

to increase rates due to added fees and commissions; and stagnant or lower property values as buyers look elsewhere for a better return on their investments.

There is an old business expression "if it ain't broke don't fix it." SB2089 will not fix anything. Claims that the State of Hawaii is losing millions of dollars in tax revenue is totally without foundation. SB2089 is not equitable to non-resident property owners or beneficial to the State of Hawaii. It is in fact, just the opposite.

February 24, 2012

Members, Senate Committee on Commerce and Consumer Protection

My wife and I are proud owners of a condo on Kauai. We strongly oppose SB 2089 for a number of reasons, but I will list just four:

1. We have always paid our Hawaii taxes on time. I have not seen one bit of evidence that owners are cheating the state. I'm sure there must be some who do, but there are ways to identify and punish them; don't punish thousands of wrong-doers for the sake of a few.
2. Only the real estate agents would profit from this bill. The state would LOSE money due to increased rates that we would have to charge, and tourists would go to other more desirable and affordable places. As you know, the Hawaii tourist industry is already facing incredible competition from Mexico and other desirable and often more affordable locations. Let's not exacerbate the situation.
3. We owners are not making a profit, at least most of us aren't. We're renting our condos to make enough to make the payments. If we didn't have this income, we would have to sell, adding to the glut of units for sale and/or in foreclosure. Any small amount of taxes that would be gathered by this bill would be far offset by the damage to the tourist and real estate business in Hawaii.
4. Finally, this bill is entirely unconstitutional. Although I know you have seen it by now, I am attaching a copy of a letter written by Mr. Kugle, an attorney for the Hawaii Vacation Rental Owners Association. I hope you'll find it as logical and compelling as I do.

Thank you for your consideration, and for your support in making sure this bill does NOT become law.

Sincerely,

Dale Carlson, Ph.D.  
Sacramento, CA

I have rented several condos using VRBO and have had a great experience each time. The condos have been in excellent condition and the owners have been engaged and responsive.

I do not understand why some feel the need to insert another layer of middlemen into the equation. Rates will only go up for me as the consumer and the owner-operators may no longer have a viable business. If this goes through, I may be vacationing somewhere other than Hawaii where I can continue to use VRBO and not pay the higher rates associated with the additional layer of "management".

Joyce Hesskamp  
St. Louis, MO

Sirs and Madams,

We have been vacationing in Hawaii either once or twice each year for the last 25 years with stays averaging three weeks. We have become aware of SB 2089 which, if passed, would become a major deterrent to any future visits as it would add significantly to the cost of our stays due to the additional commissions which would be paid to realtors and/or property managers who would provide no value added. We rent directly from the owner of condo units in Vista Waikoloa on the Big Island and the GE tax of 4.16% and the TAT tax of 9.25% is collected by the owner. Renting directly from the owner has always been an excellent experience for us as personal and high quality service is provided, the units are maintained to high cleanliness levels and any problems encountered were quickly resolved; which was not the case when we have had to rent through South Kohala Management Company. We are committed to a month stay on the Big Island this Spring and are planning another visit this Autumn for three weeks. The latter will likely not happen if SB 2089 is enacted as the additional 30 to 45 % increase in costs would be prohibitive. We love coming to Hawaii and have developed many friends there over the years but there are many vacation alternatives available to us that we would take over Hawaii if the rental costs go up significantly as it is already very expensive to vacation in your state given the already high costs of gasoline, rental cars, food, golf and services. We are strongly opposed to SB 2089 as continuing to vacation in Hawaii is still our preference. Please do not pass this bill.

Ann and Dan Mueller  
14 Mela Lane  
Rancho Palos Verdes, CA  
90275

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: 564628 b.c.  
Organization: Individual  
E-mail: [Seekthesunshine@me.com](mailto:Seekthesunshine@me.com)  
Submitted on: 2/25/2012

Comments:

As landholders we have allready slashed our prices well below yr 2000 prices. The vat and get taxes have increased, prop tab hams increased, cleaning and repair costs have escalated yet we can't rent now for an amount that will give us a fairer turn on our investment. Many is us are scraping by, and having to turn away guests already due to the increased costs. To add yet another tier of fees to our condo will be very harmful to myself as an owner, as to well as any potential tenants!

To Whom It May Concern:

I am writing this email in opposition of SB 2089. We have rented a condominium in Kauai through the Owner of the property not a Realtor or Property Management Company these last two years. It was a fantastic experience which brought us back a second year and hopefully many years to come. The weekly rent charged included all Hawaii taxes? We have rented other vacation properties through Proper Managers and have never had as good experience as renting directly through the Property Owner. The Owners went out of their way to make our experience very personal and positive.

Should SB 2089 pass ***we will not be willing to pay an additional 25% - 45% increase*** in the weekly rental rate.

*Claudia Kelly*

**BRAND GROWTH, INC.**

3636 Birch Street, Suite 260

Newport Beach, CA 92660

(949) 660-7177 Office

(949) 660-1377 Fax

(949) 929-8378 Mobile

February 25, 2012

Senate Committee on Commerce and Consumer Protection

State Senate

415 South Beretania Street

Hawaii State Capitol

Honolulu, HI 96813

Re: SB-2089

Dear Senators,

I am an owner of a vacation rental unit in the state of Hawaii. I am writing to state my opposition to SB-2089 which purports to require non-resident owners of residential units to hire licensed property managers when renting their homes.

This Senate bill unconstitutionally discriminates against non-resident property owners. It would require me to use a licensed property manager, who typically takes 30 to 40% of the rental revenue as their fee. I have the requisite Hawaii tax ID numbers and pay the Transient Accommodations and General Excise tax monthly as required by State of Hawaii law. If I am required to only book through a property manager, it will significantly reduce the income that I am able to generate and thus will reduce the amount of taxes that I pay to the state of Hawaii. This lost revenue will be due to the fact that fewer property owners will be able to survive and rent their units as a result of significantly increased expenses due to the property manager requirement. The state of Hawaii stands to lose millions of dollars of Transient Accommodations and General Excise taxes as a result of this bill.

A nearly identical bill, House Bill 1707 has already been deferred in the House in part because of the illegality of that bill.

For the above reasons, I respectfully request that SB 2089 not be passed.

Very truly yours,

Steven Chang  
3800 Wailea Alanui Dr. #403  
Kihei, HI 96753

I would like to take a moment and say how quick easy and pleasant it was to work with the direct owner of the condo we stayed in during our last stay in Kuauai. We are from Alaska and finding a condo using [homeaway.com](http://homeaway.com) and dealing with the owner direct was the best experience we have had of our 7 times visiting the islands. I would strongly appose taking the direct contact away from an owner selling their property direct. Taking that away is a direct attack on capitalism and the freedoms of our Country. I will boycott Hawaii if this bill passes. It is so wrong on many levels and is based on greed.

Thank you

JP Hoff

Anchorage Alaska

I oppose the proposed legislation.

Rodney Feher  
ACLA, ANZIIIF (Snr Assoc)  
Senior General Adjuster  
Crawford & Company (Australia) Pty Ltd  
Level 3, 10-14 Waterloo Street, Surry Hills, NSW 2010  
Direct: +61 (0)2 8202 7404 • Mobile: +61 (0)419 102639  
Email: [rodney.feher@crawco.com.au](mailto:rodney.feher@crawco.com.au) • [www.crawfordandcompany.com](http://www.crawfordandcompany.com)

**Please be advised that I am opposed to SB 2089**

**I have been fortunate enough to vacation to The Big Island of Hawaii twice and would like to return this year, if possible.**

**However, the cost will be 30% to 45% more for the same condo, if this law passes and this would certainly make me rethink my travels if this happens.**

**It would likely mean that it would be out of our reach to visit this amazing place again.**



I am sure there would be many tourists that would be of the same way of thinking, which could be incredibly detrimental to the local economy and tourism industry in Hawaii.

Renting from the owner has been a very good experience for us. The personal touches and good, honest communication have made it all the more enjoyable and hassle free. It is worth noting that the owner also collects the GE and TAT's.

We would urge you to please reconsider passing this bill.

Regards

Claire Keech & Allan Sturdy

27 Dryden Road  
Wellingborough  
Northamptonshire  
NN8 1PZ  
U.K.

Sent from my iPhone

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: James Cash IV  
Organization: Individual  
E-mail: [cashman4us@yahoo.com](mailto:cashman4us@yahoo.com)  
Submitted on: 2/26/2012

Comments:

I clearly oppose this bill! I like to enjoy the personal touches I get renting from an individual, as opposed to a management company. I also do not want the added 40% increase in rental expenses to be passed on to me either! I believe individual property owners should not be punished as a whole, only those not complying with the law!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Gerrilin Cash  
Organization: Individual  
E-mail: [gerrik95@yahoo.com](mailto:gerrik95@yahoo.com)  
Submitted on: 2/26/2012

Comments:

As a renter of a Condo in Maui, I am opposed to this bill. This will raise rental costs and will force visitors to Hawaii to select different destinations due to costs. Why should management companies profit on privately owned condos?

To Whom to may Concern,

Please do not pass this bill!!! It is great to have an affordable way to visit Hawaii! We have never had a bad experience renting thru an owner, in Hawaii or otherwise. It is nice to have hotels and properties run by property managers for those who wish to take advantage of that service. But please let there be other choices!!!! We may not be able to enjoy a return visit otherwise.

Thank you,  
Susan Manion  
26 Parsons Road  
Colchester, VT

I am opposed to the bill to require vacation home owners to use management companies in the management of their properties. This serves no purpose other than to raise the price of the rent so the rental manager gets their commissions. For us mainlanders it is expensive enough to plan a vacation to Hawaii and increasing the price of already high rental fees could cause us to look elsewhere for our vacation destination. I hope you'll consider defeating this bill. It would be bad for the vacationer, bad for the property owner, and ultimately bad for the state of Hawaii.

Pat Shelley  
(Recently rented a condo in Kauai in Mar, 2011 directly through owner and VRBO)

To whom it may concern,

I am opposed to SB 2089. If the cost of a condo were to increase by 25-40% due to the passing of this bill, I would definitely rethink my visit to Hawaii. My experience so far with an individual owner has been tremendous, and yes, the owners did charge me tax for my rental. Seems like this is no more than a ploy by big business, once again, to monopolize an industry. Please do not pass this bill.

Sincerely,

Evan L. Miller

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Patricia Morgan  
Organization: Individual  
E-mail: [pmorgan@olypen.com](mailto:pmorgan@olypen.com)  
Submitted on: 2/26/2012

Comments:

My husband and I won a condo on Maui and live on the mainland. We pay our TAT and GE taxes as required by law. SB2089 will make it impossible for us to rent our condo at the current daily rate and meet expenses. If we have to raise our rates by 40-50% to pay a rental agency, no one will be able to afford the rent. Therefore, you will lose the money we are currently generating for the State of Hawaii. Please vote NO on SB2089.

I and my family oppose this unfair bill. This proposal would unnecessarily raise the expense of coming to Hawaii for a vacation. We come quite often, but if this passes we will reconsider. We have always paid the taxes due, which was collected from us.

Bruce and Melinda Burke  
235 S Calle de Jardin  
Tucson AZ 85711  
[tucsonburkes@cox.net](mailto:tucsonburkes@cox.net)

I'm opposed to SB 2089. Don't vote for it!

Emily Beglin  
2701 Kensington Pl  
CC, NV 89703

My name is Patricia Gablehouse **and I am opposed to SB 2089.**

My husband and I own two condominiums for which I manage both of them and we pay our State transient taxes in a timely and efficient manner through HotSpot Tax Service, an independent company, for a cost of \$12 a month.

Proposed Legislation should focus on those individuals who do not pay the proper transient taxes to the State of Hawaii and not penalize and place restrictions on those who have invested and comply with Hawaii Tax requirements.

We currently have a resident in Hawaii identified as our point of contact person and she does an excellent job responding to guest's needs. In addition, we have an onsite General Manager who also is available and helps in emergencies.

To my understanding, this legislation targets only non-resident owners and requires them to go through a state approved real-estate company/agent to manage personal

units in hopes of collecting additional tax revenues. To comply with this legislation it will cost 20 to 40 percent of our gross annual rental income and create an unfair financial expenditure that may cause me to fall short of meeting monthly mortgage payments, which would eventually force me into foreclosure. We are currently upside down on the value of one condominium but continue to make the payments through rental income in hopes of holding on until the housing market stabilizes and it returns to its original purchase value.

*This legislation will only result in rising tourist lodging fees; reduced condominium purchases by out-of-state investors and lower tax collections from those who elect to withdraw units from the transient accommodation market due to costly management fees and over-restrictive legislation. Thus causing a reduction in tourism which in turn would hurt the economy of the Big Island of Hawaii.*

With Condominium values dropping and proposed legislation like this, the Hawaiian Dream is turning into the Paradise Nightmare. We are just average Americans trying to hang on to our investment until my husband retires from 40 years in the Seattle Fire Department. Our plan was to do vacation rental in our unit until we can retire here. We have ALWAYS paid our taxes, and have NEVER been late. Why punish the good with the bad?

Again I am **opposing SB 2089** and would ask you to vote against the implementation of this legislation

To whom it may concern,

In April of 2010, ten of us (all family) traveled to Kauai and stayed in a private rental house in the Princeville area. The cost of the rental was very fair given the cost of hotel rooms for the ten of us, and we enjoyed a beautiful stay. The homeowner/manager was easy to contact, provided answers to all our questions, and made our stay most enjoyable. And I'm sure she paid any taxes due promptly.

I am opposed to SB 2089 as it will ultimately lead to higher vacation rentals and likely to a decision to travel somewhere other than Hawaii. If other vacation travelers feel the same way, this will lead not only to reduced rental income, but less tourist spending for the economy of Hawaii.

Please consider a no vote on SB 2089.

Thank you,  
Michael Rhoads  
Scotts Valley, CA

To Whom It May Concern,

We are opposed to SB 2089. We recently took a trip to Hawaii and had a wonderful experience renting directly from the owner of a beautiful home in Kauai. If the cost of renting the home would have been higher, we would not have been able to make our 2 week trip. We had great communication with the home owner and all of our needs were met which well exceeded our expectations.

We would like to ask you not to pass SB 2089 in support of families like us who would love to return to your great state.

Thank you,

Todd and Tara John  
Pleasant View, Utah

Dear Senator,

I am a nonresident property owner in North Kohala on the big island. I have a business license and pay income taxes, property taxes, TA taxes, and GE taxes. I contract out for landscaping, cleaning, pond maintenance, repairs, and a local contact (Aloha Lady) to address the maintenance of my vacation rental thereby helping to provide employment to a minimum of ten local residents on the island of Hawaii. As it stands now, I do not turn a profit even though I do not have a mortgage on my home. I can only imagine the effects your legislation would have on those that do hold a mortgage. I stand to lose less money by keeping my house empty and not supporting the local economy than I do by employing a property manager.

Take a look...

[http://www.youtube.com/watch?v=tKvLcjvh3Do&feature=player\\_detailpage](http://www.youtube.com/watch?v=tKvLcjvh3Do&feature=player_detailpage)

I have used a property management "professional" in the past only to find that taxes were not paid by her, that she had in fact left the island, did not disclose bookings, switch sold my property to her other rentals, held personal parties at my home, contracted her husband on a monthly basis to paint rooms unnecessarily at my cost, and did not care to have much if any contact with me or my guests. I will not return to such an arrangement.

My "business" required an initial capital investment of \$1.7M and has already suffered with the collapse of the real estate market to the tune of at least \$500K dollars. I stand to lose an additional \$25 - \$40K per year for the purposes of property management services that cannot give the personal attention to my guests that they currently enjoy. Further collapse of the market is inevitable if your legislation passes and will force me to reevaluate my investment in your state and my "business" as a whole.

I know how much time is spent on managing my home and paying taxes. If you extrapolate the hours for all the rentals on the island, there is not a sufficient amount of qualified personnel to handle the additional requirements of taxation, booking, maintaining, and managing these homes. The guests are of course going to suffer through the inferior attentiveness and increased costs to stay at my home and will probably go to Mexico or some other vacation destination.

I find it surprising that a state, which has tourism as such a major part of it's commerce, would seek to cripple itself and small business owners that are such an important part of our economy. Where other states try to provide investment incentives to investors, Hawaii chooses to tax nonresident owners at twice the rate of resident owners on it's property taxes. This latest attempt to extort investors will have

a detrimental effect on state tax coffers, and all the good tax paying, service providing, local residents we employ, namely your constituents.

Best Wishes,

Jenny Greggor

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Neal Halstead  
Organization: Individual  
E-mail: [nealhalstead@yahoo.ca](mailto:nealhalstead@yahoo.ca)  
Submitted on: 2/26/2012

Comments:

Dear Senators of the Great State of Hawaii

I am writing to you today to express my opposition to Senate Bill 2089.

I could welcome an oversight or regulatory body whose principal role would be to protect tourists to Hawaii. We have regulations around hotels, day cares, hospitals, restaurants, etc., so there is no reason for private residence transient accomodation to be entirely unregulated. In principle, this bill addresses this issue. However, my concerns are as follows:

1. Notably missing from the legislation is the criteria the real estate commission can use to approve a property manager - and what mechanism they are allowed to use to de-approve a property manager. The lack of detail is deeply concerning and must be addressed before the bill can be properly considered.
2. If the criteria for approving a property manager were to include words to the effect of "must have a real estate license"; this will effectively legislate a restriction on legal trade and will effectively legislate a monopoly in the State of Hawaii. There is no justification or net benefit to restricting trade or creating a monopoly in this industry.
3. I have a wonderful on island representative who has lived in Hawaii and has been in the industry for decades. I am able to monitor her work through regular communication and through follow up with my guests. If the legislation requires her to acquire or requires her to hire a person with a real estate license, she will more than likely go out of business, putting her and her staff of Hawaiian residents out of work.
4. I am far from convinced that realtors and real estate agents are the most qualified professionals to provide oversight of this industry as their training and expertise, and primary source of income is in a different sphere.

Alternative Solution:

I suggest that an oversight board comprised of owners, experienced property managers, qualified tradespeople, representatives of the department of Business, Economic Development, and Tourism, and representatives of local government be convened and charged with addressing the concerns which launched this initiative and providing appropriate new rules or guidelines and addressing issues which arise in the future.

Thank you for your time and attention.

Respectfully yours

Neal Halstead  
162 Patrick View SW  
Calgary, AB  
Canada T3H 3B1

We have visited Maui several times over the years and have always enjoyed dealing with owners directly. They are always eager to please and provide a personal touch. We much prefer to speak with owners directly rather than management companies. Please consider comments such as ours when you consider a new Bill (SB 2089).

Karen Edwards  
Edmonton, Canada

If the cost of rentals on the islands is going to increase 25% - 40% more for the same home, I will rethink my next visit which currently planned for the end of this year. We have made 12 trips to the islands over the last 14 years and if this goes through we probably will cut back way back on our trips to Hawaii.

Mike Wolinski  
Bothell, WA

To whom it may concern at the Hawaii Senate,

We are not residents of the US, we are residents and citizens of Sweden and as such, our sayings in the matter are limited. However, we would anyhow like you to know that we are strongly opposed to the bill SB 2089. We have come to love your country, especially the Islands of Hawaii, which we have visited twice this last year, and we were actually planning our third trip when we heard the disturbing news about SB 2089. We have had nothing but excellent experiences regarding renting condos directly from the owner without going through a property manager or a realtor. As a matter of fact, since we have tried both directly from owner and realtor, our experiences are much better when dealing with the owner directly. The condos have been better managed and kept, the personal treatment from the owners have made our staying in your country a pleasure, and least, but definitely not last, dealing directly with the owners makes the prices lower. Going to Hawaii is a long and expensive journey, especially from Sweden, and we can assure you that we would never have been able to make this journey twice, and now even considering a third time, if it wasn't for the reasonable pricing of the rental condo. If those prices would increase, we would certainly have consider other destinations. Maybe in other US states where we can decide for ourselves whether or not we want to rent directly from the owner or not, or we simply choose completely different countries. An increase of the rental costs, possibly with up to 40% would be totally unthinkable, not only for us but also for a majority of families

that have been able to discover the beauty of Hawaii largely because of the possibility to rent a reasonable priced condo.

We can also assure you that when we have rented a condo from the owner, the GE and TAT's have always been collected and accounted for. And, on the subject of taxes, the taxes that we as tourists pay when we spend our money in Hawaii should not be forgotten either, money that all residents of Hawaii benefit from. This money will be spent elsewhere if this bill makes it too expensive for people to rent a condo in Hawaii.

Yours truly,  
Mats Andersson with family

Dear Representatives,

My husband and I have been traveling to your beautiful state for the past 11 years for a 2 week escape from the cold winters in NJ. We usually stay in Maui and Kauai but occasionally rent in the other islands.

For the past several years we have rented directly from different owners via VRBO. We have always had excellent experiences with the owners and they provide us with concierge-like advice and information about the immediate area. We have rented from over a dozen owners and have always been pleased with the condos, the cleanliness, and the value (tax included.)

I understand that there is a bill in the legislature that will end this wonderful way for retired people like us to enjoy your beautiful state at reasonable rates. Without it, we would be forced to head to the Caribbean or Mexico to escape our cold winters.

Please vote against SB2089.

Sincerely,

Kathy Sjonell  
1630 Cooper Road  
Scotch Plains, NJ 07076

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Bonnie Aitken  
Organization: Individual  
E-mail: [baiken@knightart.com](mailto:baiken@knightart.com)  
Submitted on: 2/26/2012

Comments:

Aloha The Honorable Senator Rosalyn Baker, Chair, and The Honorable Senator Brian Taniguchi, Vice Chair, and Members of the Committee:

I oppose Bill SB2089 and HB1707 relating to Transient Accommodations. I am a nonresident owner of a condo on Kauai which I self-manage as a single property. I



did not start out self-managing my condo but had to because I had to fire the real estate rental management company I was using. I was using a company highly regarded on the island and assured my property would be taken care of with utmost respect.

However, that is not what happened. My condo was not cleaned properly, seldom rented, and I sometimes did not receive rent from guests that did rent my property. The management company however, did bill me for all kinds of expensive maintenance on a condo that had just been completely renovated. Everything was pristine, there were no maintenance issues. To make matters worse, inventory went missing. When I came for a visit I was astounded at the filthy condition of my very expensive condo.

So I had no choice but to figure out how to manage my condo by myself. It has taken a number of years but I am successful now thanks to VRBO and Home Away. In fact, I really enjoy helping my guests have a memorable Hawaiian vacation. I have a terrific staff that is dedicated to each and every guest. I control this business and I do have a very high standard. I want my property to be well cared for as it is a large investment for me. I am the one with the most to lose. I have 32 reviews on my website that give me a 5 star rating. The self-management business would not work if guests did not have a good experience. The system is self-policing. My reputation matters to me and I strive to a higher standard of excellence than what I see the "management companies" doing to guests and to the property owners.

As for the issue of the supposed nonpayment of GET & TAT taxes: many owners, including me have a merchant account with the credit card companies. Virtually all of my guests choose to use credit cards for payment. That way they have the ability to dispute any charges if something is not correct about their vacation experience. I have been in business for 6 years now and have NEVER HAD A CHARGE BACK! In addition, I receive a 1099 from the credit card company and they report my income to the IRS. I have a paper trail. I do not cheat on my taxes. I run this venture as a small business and do it responsibly. I use an accountant and everything I do is done correctly.

This bill is quite disturbing and quite frankly, if I were a senator, I would immediately see the problem of blatant discrimination against non-resident owners and the unconstitutionality of this bill. How this bill has survived a committee and is going forward for a vote should be an embarrassment to you and all members of the committee. I am appalled at the disrespect that this bill demonstrates to non-resident property owners. Hawaii was happy I purchased my property and paid way too much for it. The state happily took my taxes and my property taxes are higher than resident property owners. To suggest that I cheat on taxes is an insult to me and quite frankly, I did catch the real estate management company renting my property and not paying me, the owner, my rent. I simply fired them.

If this bill becomes law, there will be lawsuits and you will have to pay for the lawsuits. I think the tax money you collect should be put to better use than to pay to defend a law that will be struck down. I urge you to put an end to this bill.

MahaIo,

Bonnie Aitken

I am opposed to SB2089.

If this bill passes, the cost to rent will be 30-45% more for the same condo. This increase would make me rethink my travels to Hawaii. Renting from the owner has been a good experience for me and she does collect the GE and TAT's when I have rented or given a quote. Thank you.

Sincerely,

Phyllis Cohen

820 E Cady Road, Unit G-103  
Everett, Wa 98203

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Cathy Knowlton

Organization: Individual

E-mail: [cknowlton4@comcast.net](mailto:cknowlton4@comcast.net)

Submitted on: 2/26/2012

Comments:

I oppose this bill. When I have been able to visit your State for vacation, I rent from an individual. This bill would increase costs by 40% which would greatly effect my choice to continue visiting your State. If it passes, I will be forced to look to other less costly locations for my future vacations.

We are writing this email to state our opposition to proposed SB 2089 and HB 1707. Hawaii is already very expensive when you consider airfare from the mainland and inter-island (we fly out of Dayton Ohio which is even more expensive), gasoline, rental cars, groceries, restaurants, and other miscellaneous expenses. Because we are on fixed incomes, we have relied on VRBO, Homeaway, and Rentini to make it affordable (including taxes). During our initial research for accommodation in Hawaii, we researched hotels and resorts which we quickly found unaffordable. Next we contacted brokers and real estate agents. Very few were even in the office so we were relegated to voicemail or email. No one responded in a timely manner – if at all. Those that did respond showed a lack of interest or follow-up. There is a big difference between customers interaction with a business vs. an owner. The owners have a vested interest in maintaining their properties. Guest comments are documented on sites like VRBO and Homeaway, which is incentive to keep up their property. We have always found owners to be responsive 24 hours a day and their properties immaculate.

Management companies would appear to be the only beneficiary if these bills were passed resulting in elimination of competition and price fixing. The overall impact is negative – (1) a glut of real estate, probably unoccupied, on the market for mainland owners trying to unload their Hawaiian property they can no longer afford or (2) a 25 to 40 percent increase in costs passed down to guests. These increased costs would prevent us from vacationing in

Hawaii. We love Hawaii and feel sad that we could no longer visit. I'm sure there are many other people in the same situation financially. Please review these bills again and consider the negative impact they could have. Do not pass SB 2089 and HB 1706.

Thank you for your consideration,  
Bill and Laura McDaniel

We are writing in opposition to SB 2089 and HB 1706. We travel to Hawaii 1 – 2 times per year and always go through an online home rental site like VRBO or Home Away. These are the best deals vs hotel stays. I save on average of 35-40% and always pay tax to those I have rented with. With the economy the way it is and gas prices going up the cost to travel to Hawaii will continue to increase and can hurt tourism. This is still a free market. Let the rental business in Hawaii maintain a free market system. With sites like Trip Advisory and others the "responsibility" lies with the customer looking into the renters ratings and customer reviews. Now is not the time to hurt tourism and the economy of Hawaii.

Thank you.

Jim & Kellie Hardesty

## **RE: Opposition to SB2089, HB1706, and HB1707 (and any bill where I will not be allowed to personally manage my rental property)**

Dear Chairs, Vice-Chairs and Members of the Committees:

Turning over our home to Real Estate Agents is unthinkable. I would sooner stop renting or sell my property before I'd let them take control. From what I've seen, they hire transients, increasing the risk of theft from our homes (and guests) once they have access; I'll never know who has access to my home. They rent to guests who think of our property as they would a hotel that they can trash without consequence. This proposal forbids the personal experience I give my guests. I did not buy my property in Kaua'i with this scenario in mind.

This is my home! I deserve control over who has access and who rents from me. I make a point of having a personal relationship with each and every guest before I ever accept their money. I help them plan their vacation. The way guests treat the property, knowing the owner, is much better than those who rent from some nebulous corporation (I have never had any issue with damage... that the guest hasn't repaired themselves... often bettering the property's condition). I get a great deal of satisfaction when I hear how much they enjoy my property and how fun their vacation is. I selected my housekeeper

very carefully, and know she is trustworthy and hard-working and the only person who has access to my property (and receives the needed 1099). Now, you want to take that away! I will not let you. It will not happen; whatever my legal recourse, the state will lose my GE/TAT taxes if this bill becomes law as written, even if it means I have to change my retirement plans dramatically (and not retire in Hawai'i). Claims of Property Managers "take" range from 15% (from the Property Managers) to 50% (by the owners). My personal experience is that: while their base percentage is closer to 20% to 30%, when they add on all their additional fees it becomes half my revenue. This makes no sense: this bill would have me lose half my revenue to assure that I'm paying the 13.42% taxes that I'm already paying? This is unreasonable by anybody's measure. This will put more property on the market, in an economic climate where prices have already plummeted, and decrease lodging availability with fewer available rentals, and decrease the state tax revenues (both property tax due to lower valuations and GE/TAT taxes from decreased availability); the opposite of the intended effect.

The demise of property managers is inevitable in the evolution of capitalism given the Internet: removing the "middle man". The Internet has made it possible for many new small businesses to be created where none previously could have existed. In this case, it has allowed middle-class folks like me to fund a future retirement in Hawai'i with a small vacation rental business to offset costs. This business model works efficiently and effectively as is. The intrusion proposed by this bill would completely destroy this business model. As a Democrat, I often have to justify "unnecessary regulation, choking small businesses, spurred by special interest"... one of the Republican's favorite jabs in their arsenal. But, in this case, we don't have a valid justification; we've gone too far in obviously trying to give the Real Estate Lobby a new revenue stream, while creating a devastating burden on the small business owners like myself. An analogy: Internet sales have also decreased sales tax revenue (much more than transient accommodation tax). A similar argument/request could come from the brick-and-mortar stores, whose sales have declined due to Internet sales, requiring all onisland Internet sales go through them. They too must realize that the Internet has changed how the economy works, and it would be ridiculous to mandate the same sort of revenue stream you're promising the Property Managers to revive a dead "middle man" in

the name of recouping whatever taxes aren't currently being paid. Tax revenue is understandably important, but I don't think such a heavy burden on current small business revenue is warranted. There are other ways to find the tax cheats. For example, correlate the address information arriving visitors claim (when entering the state) with property ownership and GE/TAT records... simple data-mining programming of data you already have will find folks who aren't paying taxes... there is other data you already have that you could mine to find similar information. If somebody is paying less than their neighbor's taxes, you could look on their VRBO or FlipKey advertising pages for their calendars and rates, and see if it jibes with what they are paying in taxes (knowing that discounts are often given to attract guests... for example, my average charge per day in 2011 was about  $\frac{3}{4}$  of my maximum nightly charge listed on the internet)... i.e. two equally valued properties in the same area should be paying equivalent taxes proportional to their calendar derived occupancy. Simple data mining of existing tax (and web-crawled) data. Maybe the tax collection department needs the expertise to organize and mine the data appropriately; that's a much simpler fix.

As with most homeowners these days, we're "under water": my mortgage exceeds the properties worth, but I continue to pay. As with most vacation rentals, even though I run the business myself, I cannot come close to break-even in the current economy. My justification for being in this business is that I truly enjoy helping people have a great vacation... now, you want to take that away and increase my losses significantly.

Local emergency numbers are important too. I do have two people on-island whose numbers I provide to my guests and are available 24/7 should disaster strike (and it has, once). This is important, and I'm not against a regulation that there be a local emergency number for guests to call, but not a real-estate agent (i.e. have people who will actually be able to do something constructive about the issue). I think this too can be regulated without destroying the currently working business model as proposed.

Before ruining my business, I plea that you gather empirical data on the claims being made against our business model:

- How much tax is being lost?
- How much could be recovered with this solution?
- How much tax revenue might be lost by implementing this solution (both GE/TAT and property taxes due to lowered

availability and valuations)?

What would it take for the tax commission to gain the expertise needed to mine their existing data and/or web crawl for internetmined data?

How much revenue could be recovered/lost via other solutions?

How much will this solution really cost our small businesses?

How many of these businesses will fold and lose their property and investment if this bill is passed?

How many of these small businesses might choose to remove their property from the rental market because of this bill?

How many vacation rentals will go up for sale because of this bill?

How much might this effect the price paid by guests (when the supply of rentals decrease)?

How will the glut of new properties on the already depressed real estate market further affect prices?

How will the lower property values caused by this bill effect property tax revenues?

Having some understanding of the effects of this bill is important before writing it into law. Anecdotes and conjecture are plentiful, but need hard evidence to back them up or discount them.

You're not only taking away my ability to do business, you're taking away a labor of love, and destroying my retirement plans. You should seriously consider the effects this bill will have, and vote against it.

Sincerely,

Chris Worley

Proposed  
Amendment  
to  
SB2089

The reasoning behind SB2089 is clearly twofold:

1. Help an ailing outdated industry (the property management "middle man") that has been supplanted by small businesses on the Internet, and

2. As the state's tax collection folks are admittedly (from their testimony at HB1707 hearings) incapable of mining their own data, which would easily find tax cheats, absolve them of their responsibility and hope

that local companies directly affected by the Internet business model will more effectively collect taxes.

Therefore, this is really not a "Transient Accommodation" bill; it is a revenue-generation and stimulus bill aimed at halting Internet-based businesses that are supplanting local businesses.

Sales tax losses due to Internet sales dwarf any losses from GET/TAT transient rental losses.

Given the estimated loss in state sales tax collection in the hundreds of millions of dollars, and billions in loss to local "brick-and-mortar" store sales due to Internet on-line tangible good sales, the following amendment is proposed to SB2089...

**Any off-island Internet ("on-line") business selling tangible goods to residents of Hawai'i must perform the monetary transaction through a local, on-island, licensed retail business who will collect the appropriate Hawai'i sales tax. For this service, the local business may charge the Internet business a fee of up to 50% of the purchase price of the goods being sold.**

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Jay and Mary Sheldon

Organization: Individual

E-mail: [jpseldon@a.com](mailto:jpseldon@a.com)

Submitted on: 2/26/2012

Comments:

My wife and I just returned last week from our fifth visit to the Hawaiian Islands as renters of privately owned condos, determined to buy our own condo as a vacation rental income property and future retirement home. While doing our due diligence we came across SB2089.

Passage of this bill will keep us and our money off of the islands.

Nobody in their right mind would dive into an investment that is clouded by the prospect of turning a slim margin into a deep negative cash flow, and even if they were still willing to do so, or were simply ignorant, mortgage lenders will further restrict the availability of funds for individuals to buy vacation properties based on the increased risk.

The downsides to these proposals so far outweigh any advantages, it is beyond comprehension how anyone could not see that it is the property management firms and giant hotel chains who stand to gain from a state-imposed monopoly, and who are behind this legislation.

This assault on private property rights and our right to freedom of association must be stopped.

Passage of this bill will have a devastating impact on the tourism economy and real estate market. We urge the committee to vote NO on this measure.

Jay and Mary Sheldon  
Ramsey, Minnesota

#### Testimony on HB 1707 and SB 2089

My wife & I (Gloria & Vincent Kuhnhausen, Mill Valley, CA) wish to express our **strong** opposition to the above mentioned proposed bills regarding Rental of Transient Accommodations.

We own two condos on the Island of Kauai (one for 26 years and the other for 12 years). We rent out these units to visitors to the islands (when we are not there) and submit and pay the taxes due from these rentals.

We feel that these bills illegally discriminate against us non-Hawaiian owners. Further, the effect of these bills will be to add significant expense to our operational costs for no personal benefit. Also, it is likely that this will have a negative effect on real estate values.

Since we operate on a slim margin with the rentals, this additional (and unnecessary) expense may cause us to discontinue renting and probably have to sell at least one of the units.

It is a shame that legislators sometimes fail to adequately consider the effects of their bills on the little guy. In this case, these bills will likely have a serious effect on tourism since we small operators collectively bring in thousands of free-spending fun seekers to beautiful Hawaii each year.

Vince & Gloria Kuhnhausen  
Mill Valley, CA

**Subject:** Opposed to SB2089

Dear Sir, I'm writing in opposition to bill SB2089. I've used VRBO (Vacation Rental By Owner) numerous times, and with great success. Most recently we used VRBO to spend a week in Kauai, and it is doubtful that we would have done so if we had to go through a rental agency, in that it would have cost 25-30 % more. We also were charged and paid tax when we rented directly through the owner. Isn't it the owners right to rent out his property if he wants without some management property getting involved? I urge you to be in opposition to this bill. Thank you, Respectfully, Bruce Schwinger, Ponte Vedra, Florida.

Just want to say that i have rented from owners of condos for the last twenty years in Maui, and have never had a bad experience. Quite the opposite in fact. Have Always paid taxes on the rental, and have always been happy with the condo and my experience dealing with the owners



I would honestly have to say that this is what makes me keep coming back to same rental condo year after year as have never been disappointed

#### OPPOSED TO SB 2089

We are owners of a condo in Oahu and are residents of California. We have personally marketed and rented our condo for the past 3 years and have advertised on VRBO to obtain tenants. We have a handyman and cleaning person that handle any repairs, cleaning and keeps us informed of any problems that need to be taken care of. This has worked very well for us and we have obtained many more bookings compared to when we marketed and rented the property through a realtor management company.

Our ability to market, manage and control our condo financially allowed us to keep our condo. If the proposed bill were to pass it would adversely affect our cash flow, especially with the 20-45% fees charged by management companies. We will then not be able to carry the property and foreclosure will likely follow.

Our prior experience using a management co. has not worked very well financially. Besides the exorbitant fees charged there is the problem of booking prospective tenants. If a management co. has many properties to rent there is an issue of how the broker selects and prioritizes whose property will be rented, especially in high season. This may give rise to a possible conflict of interest since realtors are agents and owe a duty of utmost loyalty to the owners to promote and rent their property. This was a serious problem when we used a property manager i.e. why were other owners getting more bookings than we were, especially since there were many similar units in the same building? Was there bias or favoritism?

We would basically have no say in how our condo is to marketed, who it is rented to and when. The bill would result in a substantial interference with our use, enjoyment and control of our property. We have realized substantially higher gross rents managing our condo compared to when we used a property manager. This bill would force us to give up control of our condo and appears to be a power grab by the realtors. We prefer to advertise, negotiate, choose to whom we will rent, when and on what terms, as we see fit. There is no need for this bill as the reasons given for it are without merit and not based on fact.

Owners should be free to choose whether to manage their own property or hire a management co. This is free competition and the American way. This bill would be an unwarranted government intrusion on our property rights. We have timely filed and paid all required taxes and are perfectly capable in managing our condo. It does not need professional management. This bill is another example of special interest seeking a power grab and making more money at the owner's expense. Apparently realtors do not like the fact that more nonresident owners have been successful in marketing and renting their property on their own. This bill also discriminates unfairly against nonresident owners. Therefore we request that the committee consider the above and not support this bill.

Tom and Ginny Apke

I am a Canadian retiree who comes to Hawaii every second winter. I always try to rent a condo from the owner and usually stay for two months. While here I spend about \$10 000.00 not counting airfare. I always have Hawaii state tax included in my rental agreements. On the very few times I have rented through an agent, I have NOT been very happy as they try to put us into units that are over-priced and not accurately represented.

I like Hawaii but have been to the Caribbean, French Polynesia, the Cook Islands, New Zealand and the Mediterranean. I have rented from owners in each place. I have never been FORCED to rent

from a property manager and would not like having to do so.

Please reconsider your options on this bill as I know I am not alone in this sentiment. Many, many retired tourists I have met on my travels rent directly from owners as well. By making accommodation more expensive, all you will accomplish is taking the money I would spend on entertainment or dining out away from that business sector and give it to the property managers.

*Mel Winthrope*  
*1824 Milburn Lake Rd.*  
*Quesnel, BC, Canada*  
*V2J 7E6*

Gentlemen:

We rent a property on Kauai every year and just became aware of Senate Bill 2089 proposing that all rental properties in Hawaii be handled by a property management company or realtor rather than the homeowner.

We have always had a positive experience in every way dealing with and renting from the homeowner rather than going through a realtor and/ or property management company. In fact, we have rented other properties dealing with realtors and/or property management companies and have not had nearly as good an experience as we have had when dealing directly with the homeowner.

Financially, this would make a tremendous difference in our travel plans to Kauai every year as the fee would add an additional 25 to 30% more for rental of the same property.

It is our opinion that this Bill should not pass. In addition we feel that this is a Bill that is being pushed through for the benefit of realtors and property management companies and is unjust to the individual homeowner as it should be their choice, and not forced upon them.

Very truly yours

Mr. and Mrs. Ralph Silvera  
17275 Prado Road  
San Diego, CA 92128

Dear Hawaii State Senate:

I am opposed to Senate Bill 2089 requiring condo owners to hire professional managers to rent their condos. When my family stayed on the Kona Coast the condo we rented in Waikola was in impeccable condition. Ms. Sylvia Remington does not need to hire a manager. To the contrary, the increased cost will make it difficult for families such as mine to visit Hawaii again.

We think of Hawaii all the time and look forward to our next trip--don't make it financially impossible for us by needlessly increasing condo rental costs.

Sincerely,

James William Gibson

3210 Kelton Avenue  
Los Angeles, CA 90034

I am opposed to SB 2089 for many reasons, but the main reason is that it will cost me much more to rent my preferable Condo which will definitely play a role in my not coming to Hawaii in the foreseeable future. My experience with owner operated vacation rentals has been excellent. I use the VRBO (Vacation Rental By Owner) website when I vacation in Hawaii and other places like Southern California. Please do not support SB 2089.

Jerry Davis  
6750 Ellie Ave.  
Otter Rock, Oregon 97369

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Signe Fritsch  
Organization: Individual  
E-mail: [alaska.swan@gmail.com](mailto:alaska.swan@gmail.com)  
Submitted on: 2/26/2012

Comments:

As a visitor to Hawaii from Alaska, I enjoy the flexibility of housing options for our stay. I have friends who own condos, and do not want to see their businesses go under. Please do not pass this bill. Thanks.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Marilyn Leland  
Organization: Individual  
E-mail: [kazoom@gci.net](mailto:kazoom@gci.net)  
Submitted on: 2/26/2012

Comments:

Dear Committee Members:

My name is Marilyn Leland. I am a resident of Anchorage, Alaska and I am writing to voice my opposition to SB 2089.

I own a condo in Ma'alaea, Maui that I purchased with a friend about three years ago. When we bought the condo, the real estate market in Hawaii was severely depressed especially in the area of vacation rental properties, but because we both love Hawaii and like many Alaskans, we have visited many times and we saw the purchase as a good investment, we bought a two-bedroom condo in Ma'alaea. At the time of our purchase, ours was the first sale in Ma'alaea in over a year, but we have had no regrets, until possibly now.

Our unit was very dated so we worked with local contractors, retailers and tradesmen and invested another \$50,000 in the unit to put it in rentable condition. Three months after closing, we had our business license and our property was listed on vrbo.com. We have a licensed on-island agent on retainer as required by law. Since that time, we have spent about eight weeks a year in the condo ourselves and we have rented it to vacationers most of the rest of the time. In addition to renters obtained through vrbo.com, our renters are relatives and friends but even many of our vrbo contacts have become friends. Our advertisement and communications with all of our prospective renters make it clear that we charge Hawaii taxes. Our taxes are always paid in full and filed on time. We have satisfied renters and even though we have owned a relatively short time, we already have repeat customers. I actually was a renter through vrbo for many years prior to buying our property, which is why we decided to go that route. Frankly, I have had much better experiences renting directly from owners than I have had by using management companies.

The rent that we charge is consistent with the market for a unit like ours in Ma'alaea, but we are not making a lot of money. In addition to the initial investment and renovation, we have recurring costs for the association fee, leasehold rent, utilities, housekeeper, on-island agent and maintenance. I am not unsympathetic to the problem of collecting taxes from people who are flaunting the law, but I believe the solution to that problem is better enforcement, not promulgating an onerous requirement on those of us who are and always have followed the law. It would seem to me to be very easy for the State of Hawaii to merely check listings on sites such as vrbo.com to confirm that the owners are collecting and paying the appropriate taxes. And when they find the deadbeats, they should be prosecuted to the fullest extent of the law. That really doesn't seem to be happening now.

I watched the House Committee on Finance hearing through the legislative website last week and I was appalled that the woman testifying for the Division of Taxation couldn't answer basic questions about how many vacation rentals pay taxes, let alone give any estimate as to the amount of tax is not being paid. If they are unable to enforce the current laws, how will they ever be able to enforce this new law. So rather than passing new laws, I believe the legislature should assure that the Division has the resources it needs to enforce the laws you already have and then hold their feet to the fire to make sure that gets done.

I don't know how many owners this law would affect, but I assume it would be thousands. If this law were to pass, would there even be enough realtors who would want to provide this service in order to accommodate the huge workload that it would cause? Let's just say that I am skeptical. Another concern that I have is the impact it would likely have on real estate values. If this law had been in place at the time we purchased, we probably would have decided to invest in a vacation rental elsewhere. Not only do I think new buyers may have the same concern, I believe that it is likely that many current owners would no longer be able to afford to keep their properties and the market could be flooded with sales, bringing down the value on all of our properties.

Again, as I said at the beginning of my letter, I am a resident of Alaska, not Hawaii, but I have visited many times over nearly 30 years and since I own a property there now, I view Hawaii as my home away from home. Therefore, it is my sincere hope that you will seriously consider the concerns from this non-resident owner. If you have any questions, please feel free to call me at 907-258-1209 or 907-771-5703 or e-mail me at [kazoom@gci.net](mailto:kazoom@gci.net).

Marilyn Leland

We have been going to different islands in Hawaii every year for twenty years. We love Hawaii. This Bill is counter productive during this world economic conditions that we are experiencing. Any means to increase cost would not be logical or advantageous to Hawaii. One more thing renting from owners has always been a positive and rewarding experience. Please reject this Bill SB 2089. Thank You,  
Mario Aguero & Moki Purcell

We recently heard about the above referenced bill and are writing to say that visiting Hawaii, and especially Kauai, is one of our favorite travel spots, but it is also one of the most expensive. We recently introduced our four grown children to the islands, by using air miles we had saved up for years. We also rented a home for all of us to stay in, using the site VRBO. This is the third time we used the site for a Hawaiian rental, and each time the experience has been great. (We have booked with a different owner each time, as our needs have been different, but we have had no problems.)

Getting to Hawaii, and then managing to pay the increased costs of food, gas, etc. has not been easy, but because we were able to rent private housing, we kept the cost within a decent budget.

From our perspective, passing SB2089 is a very misguided and short sighted endeavor. We know of several mainland families that will choose to take a Caribbean cruise, for considerably less, rather than swallow the added cost of rentals on Hawaii that are managed by management groups.

We will spend our hard-earned dollars elsewhere and we've no doubt that if this bill passes there will be many residents that will feel the effect in their abilities to earn a living--especially since tourism is the mainstay there.

We wish that we could afford to have a house on one of the islands, but we do not have the resources.

However, there are countless numbers of people who have purchased there, with the knowledge that they could offer their homes for vacation rentals to help them afford to own that home. We do not know any of these owners personally, but it seems to be a slap in their face, not to mention the negative effect it will have on others who might be considering a purchase of this kind.

In tough economic times, it seems counterproductive to institute initiatives that might seem to address one problem, but fail to consider the very real residual effects that will come--exchanging one problem for yet a bigger one.

If the intent of this bill is to attempt to increase tax revenue, we believe you need to be asking how approval of this bill will effect further growth in the real estate market. You must also consider that tax revenue may increase in this area, but be lost in many other areas due to decreased tourism overall.

We have personally paid taxes on each of the rentals we have made there--perhaps you have overwhelming evidence that a large number of private rentals aren't collecting properly, but we urge you to find a different solution than SB 2089. Although we do not live in Hawaii, we would like to be able to still visit there.

Will and Terri Lind

It takes a lot of saving and planning to visit paradise.

When visiting the islands, your stores, restaurants, bars, tour guides etc. are all patronized and gladly so. Visitors meet the people they're paying and, if treated well, they return and pay them more because they like doing business with them. I prefer and require securing lodging from someone I know and trust. The thought of some over reaching bureaucratic commission sticking their nose in, or rather, their open hands to get a piece of what I'm spending sickens me. It reeks of pocket padding corruption and will certainly result in visitors looking elsewhere to vacation. Bad Form...very bad form.

Patricia G. Schramm  
Main-lander / vactioner

I am opposed to this and believe if this passes, I may not visit Kuauai...it will drive up costs in the condo I stay at. Renting from the owner directly has been a great experience. I paid tax when I rented and the owner I rented from was extremely professional.

Please don't pass this bill.

Kristi Gooden

8240 Spring Ridge Dr  
Nashville, TN 37221  
615.428.1039  
To whom it may concern:

We have visited Hawaii approximately 5 times now and we have used the website "Vacation Rentals by Owner" with terrific results in renting condos both in Maui and Kauai. Both were very positive experiences and in both cases, we paid the state tax that was asked of us.

We very much would like to continue this practice to keep our lodging costs down and then in return, spend it in other ways on your fair islands whether it be on food, or excursions. Please defeat SB 2089.

Thank you,  
Patsy and Rod McLean  
Monona, Wisconsin  
Members of the Senate Committee on Commerce and Tourism

Re: OPPOSE Senate Bill 2089 (SB2089)

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Honorable Senate Members,

Thank you for the opportunity to provide testimony with respect to Senate Bill 2089. Our names are Richard Waugh and Nina Nychyporuk.

We oppose this Bill. If enacted, the proposed legislation will give property managers and realtors a significant and unfair competitive advantage in the vacation rental market, and add an extraordinary expense, with no value-added, to small business owner-operators who contribute significant economic benefits to the state of Hawaii.

In 2008, we invested in Hawaii's economy by purchasing a condominium at the Mauna Lani Resort on the Big Island. As non-residents of Hawaii, we are fortunate to be able to spend several weeks each year at our condominium. Although we do not offer our condominium as a vacation rental on a full-time basis, we have chosen to market our property through such low-cost internet channels as Flipkey.com and VRBO.com, rather than high-priced property managers and realtors.

Our business is licensed to operate in Hawaii, and we faithfully collect and remit the statutory transient accommodation tax (TAT) and general excise tax (GET) in a timely fashion. In addition, our property tax levy is the same as a hotel business, which is the highest of all assessment rates.

Property managers and realtors have experienced shrinking market share because they charge homeowners exorbitant management fees. Instead of finding ways to adapt to the evolution of natural, competitive market forces, property managers and realtors have chosen to lobby politicians to discriminate against non-resident property owners.

SB2089 is ***unconstitutional discrimination*** against non-resident property owners. The Bill violates the most basic and fundamental right to own and dispose of privately-held property, including the

right to use, sell, *rent as we see fit*, mortgage, transfer, exchange or destroy, *or to exclude others from doing these things to our property*.

SB2089 is illegal as per Hawaii State Laws. A realtor will be in violation for presenting illegal rentals. SB will conflict with current legislation.

This Bill also violates *United States antitrust law*. The legislation imposes a *restraint of trade* on independent owner-operators by granting property managers and realtors the exclusive right to market vacation rental properties in Hawaii. This Bill will harm consumers by limiting competition and restricting their choice, and create a significant and unfair competitive advantage for a small but powerful cartel of property managers and realtors. From our own personal experience, we know that property managers and realtors in Hawaii charge homeowners a management fee between 30%-50% or more of gross rental revenue (and, in some cases, rental revenue plus the TAT and GET).

Property managers and realtors who support SB2089 complain that non-resident owners allow friends and families to use their property, without charging these parties rents and taxes. Forcing friends and family members to book individually-owned properties through a property manager is yet another violation of individual property rights. It is our constitutional right to allow anyone we want to stay in our property.

Property managers and realtors who support this Bill argue that the internet has ruined their business. One could also say that mass production of automobiles "ruined" the horse and buggy industry. They claim, without providing any independent, quantitative or verifiable evidence, that independent owner-operators undercut their nightly rates by "1/3." Yes, the internet has impacted the tourism industry's vacation rental sector by lowering prices for consumers and distribution costs for vendors. Again, it is not the role of state legislators to interfere with competition in the marketplace. Hawaii state legislators have no power to turn back the clock, or to legislate away market forces that are dynamic, competitive and responsive to innovation and technology.

If property managers and realtors in Hawaii are unable to compete with new entrants, then they need to charge more reasonable management fees or exit the industry. Legislators have no business interfering with the natural causes and effects of an efficient marketplace, particularly when such intervention creates an unfavourable competitive advantage for a small minority.

Supporters of SB2089 contend that non-resident owners are unable to respond in a timely manner to their guests' issues, but they can because they are residents of Hawaii. However, not all property managers and realtors have staff on call 24 hours a day. Independent owner-operators, on the other hand, are on call 24 hours a day. A guest can send us an email or phone us any time of the day, 7 days a week.

Property managers and realtors who support SB2089 claim that they alone are in a position to protect renters from foreclosure. However, it is common practice for owner-operators to encourage their guests to purchase travel insurance and/or trip cancellation insurance. In addition, most credit card companies offer recourse in when a vendor is in breach of a contract. Recent history is the best example of the fall-out that occurs when property management companies close their doors overnight, which is what Kona-based *Property Network Ltd* did in 2009, owing a sizeable amount of money to the property owners, and leaving renters and vacationers in a bind.



The Department of Taxation should follow its previous practice of 2007 by conducting an audit. The Department of Taxation's unfortunate position on this issue is that they are not in the business of "web crawling" to audit non-resident, independent owner-operators of vacation rentals who market their properties on the internet. If the Department of Taxation is not in the business of tax collection, then the state legislature has a far more serious problem to address. The existing legal and regulatory framework has numerous provisions that grant tax officials the authority to enforce compliance. Whether the problem is a lack of resources or a lack of competence (or a combination of both), it is obvious that state legislators need to remind the Department of Taxation to adapt to the realities of the marketplace and do its job.

As members of the CPN Committee discuss SB2089, we encourage you to consider the following questions:

- Have state legislators considered creating an independent task force, comprised of various stakeholders tourism industry and vacation rental sector, to determine the extent of the problems that have given rise to this Bill?
- Have state legislators considered the motivations of those who support this Bill, as well as who is most likely to benefit and who is most likely to be harmed if it is enacted?
- Have any of the state departments responsible for tourism, commerce and taxation attempted to determine who the vacation rental owners are that fail to collect and remit the TAT and GET, and if these owners are more likely to be non-residents or residents of Hawaii?
- What input have state legislators obtained, through consultation with officials from the state departments responsible for tourism, commerce and taxation, to determine why existing enforcement provisions are ineffective, and what can be done within the existing legislative and regulatory framework to ensure both resident and non-resident owners of vacation rental properties collect and remit the TAT and GET?

Tax evasion is a serious crime. The TAT and GET should be collected and remitted by everyone who owns and/or manages a vacation rental property. We urge you to work within the existing legislative and regulatory framework, or consider establishing a task force comprised of independent vacation rental owners, property managers, realtors, state regulators and other tourism industry stakeholders. Stakeholders who are willing to work in collaboration have a better chance of developing an effective solution than legislation that gives an unfair competitive advantage to one group by penalizing another one. Passing this Bill is not the solution. It is illegal, immoral and unethical.

We kindly ask you not to pass SB2089.

Sincerely,

Nina Nychporuk and Richard Waugh

Non-Resident Owner-Operators and Visitors

Dear Sirs and Madams,

As an off-island owner, I generate a lot in taxes to the state of Hawaii. We welcome over 45 families per year. Even with all that hard work, we barely stay even. We can not afford to employ a realtor to manage our home. We do however have an on-island contact that tends to any emergencies.

Although we are honest people, there may be some out there whom will stop reporting all the income they bring in. This would hurt the economy, of course.

The Hawaiian economy relies heavily on the tourism industry. Please stop making it difficult for hard workers like us to bring money to the Island.

I urge you to strongly reconsider SB2089.

Aloha,  
Jackie Walker

Sent from my iPhone

Senator Rosalyn H. Baker, Chair and all the members of the Committee on Commerce and Consumer Protection (CPN):

I am writing to express my opposition to SB2089. I am a non-resident owner of a condo in Maui which I *do not* rent out.

I am opposed to the bill for a number of reasons:

1. If passed the bill will decrease the value of my property;
2. If passed the bill will decrease real estate sales in an already depressed market, because the great selling point of being able to self-manage will be lost;
3. If passed the bill will decrease the construction of new condo developments;
4. If passed the bill will result in a decrease in tourism as rental rates are driven up;
5. If passed the bill will result in an increase in foreclosures;
6. If passed the bill will result in great hardship for many of my Maui neighbours, who rely on rental income to finance their condos. Most cannot afford a 25 - 40% reduction in their cash flow;
7. If passed the bill will result in a further burden for many of my Maui neighbours, who will still have to advertise on websites such as VRBO because the management companies do such a poor job in generating rentals.

I am further opposed to this bill because of its inelegance. It is a great example of using a bulldozer to crack a walnut. The state is proposing in SB2089 to load its duty to collect taxes onto the off island owners. This is unconscionable.

**One final thought about SB2089---** It is a given that some dishonest owners are not now paying their taxes. If bill SB2089 is passed those dishonest owners will continue to not pay their taxes as the incentive will be even greater. Also honest owners, who currently pay their taxes, will now have an incentive to stop paying their

taxes. Their rationale could be *don't pay the taxes or pay the taxes and lose my condo*. Please do not be perpetrators of the rule of unintended consequences.

Surely the state can come up with a better method of ensuring their collection of taxes without discriminating against off island owners and putting into jeopardy tourism, the number one industry in Hawaii.

Yours truly,

**Earl Sands**

<http://earlsands.tel>

Stephen Ells

13999 Camino de Lego

Auburn, CA 95602

Feb 26, 2012

Regarding SB 2089

Dear Sirs,

I am opposed to the proposed legislation to require the use of a Property Manager to collect rents and taxes for non-resident owners.

I own a vacation rental in Maui and this is a small business that helps me to afford my future retirement home. We lived on Oahu for many years but moved to the mainland to get the kids through college. Our goal has always been to return to Hawaii for retirement. We own a small condo in Lahaina but could not afford to own it unless we can rent it as a vacation rental. This property is designated as a Hotel and we pay significantly higher property taxes for this zoning. We looked at many options including Outrigger Hotels as a property manager. Their prices to act as our agent would completely keep us from being able to afford this property. The rates for a property management range from 35%-50% of revenue.

I am happy to pay my share of Property Taxes, GET and Transient Tax but to add the burden of paying a property manager an additional tax of 50% would preclude me from affording my retirement home.

I have run this as a business for five years and have on-island representation for problems as well as a staff for cleaning, small maintenance, appliance repair and we purchase all of our supplies from local vendors. We independent vacation rental owners fill an important niche in the vacation rental market. If nobody wanted to use our services we would be gone in a minute. We bring many people to Hawaii because we offer a useful service. I can understand the disappointment of the rental company's loss of business to the independent rental owner, but I have a lot invested in this issue and work very hard for this to be a success for my guests.

I am also on the Board of Directors of our AOA and am very aware of the effect of owners not being able to afford their property. We are owed hundreds of thousands of dollars in delinquent AOA dues from owners who have walked away from their property because they could not afford to make the payments. These owners used Outrigger to manage their property and after all of the fees there was nothing left to pay the mortgage. We have helped some owners to learn how to rent the units privately and they have been able to keep their property. I hope you realize that by adding the 50% fee you may see many more owners walk away.

It seems somewhat discriminatory that you have singled out non-resident owners for this bill.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Jason Cash  
Organization: Individual  
E-mail: [jasonmcash@gmail.com](mailto:jasonmcash@gmail.com)  
Submitted on: 2/26/2012

Comments:

I rent from an individual and I do not want this to pass as it will increase the cost by 40%.

I have owned a condo on the Big Island for 18 months. I manage my own property and finances. In that short time, I have received rent payments of \$26,416 and have paid 13.25% in both TAT and GE taxes for a total of over \$3,500 to the state of Hawaii for General Excise and Transient Accommodation taxes. This Bill will hurt me and hurt the State of Hawaii. Here is why:

1) I am able to offer reasonable rates to my guests because I manage the rental and collection of rents myself and don't have to pay 25% or more overhead to a rental agent. My guests are middle-class families who have told me how grateful they are for the affordability of my rental.

2) Adding the additional overhead of a real estate agent to manage and collect the rent & taxes, means I will need to raise my rental rates at least 25%. This will decrease my income and most likely the number of visitors able to afford a stay in Hawaii. The end result will be fewer visitors and less revenue generated for the state economy.

3) I am well educated about how to be a good landlord and the importance of paying state taxes. I use a webservice called Vacation Rentals by Owner (VRBO) and Home Away. They provide sound information on how to manage the property remotely and responsibly. The amount of the tax is stated upfront in my ad which you may view at <http://www.vrbo.com/326086>. I keep accurate records and have paid all taxes owed to the State of Hawaii. Most other owners do the same.

4) If the purpose of this bill is to generate more tax revenue for the state, I suggest this is not the best way to do so. If it is to generate more business for the real estate industry, do they really need it and will they be able to take over management for the many owners that currently manage their own units.

My husband and I hope to retire to our condo on the Big Island. Until then, the income from our rentals helps us to reach toward this dream.

I hope you will consider the overall impact of this bill and vote against it.

Thank you.

Sheryl Riddick  
1015 NE 71st Street  
Seattle, WA 98115  
Owner of Keauhou Punahele Unit E-205  
78-7070 Alii Drive  
Keauhou, HI 96740  
206-518-3119

I am OPPOSED to SB 2089. I have been coming to the Hawaiian Islands for over 30 years as a businessman, property owner, and vacationer. I urge you to NOT pass this bill, as it would infringe upon the rights of homeowners to control their property. If your concern is the transient tax reporting of homeowners, I suggest that you require homeowners to post their tax ID numbers on their rental listings and track it accordingly, for it is us as homeowners that are ultimately responsible for paying our taxes. It is the duty of the state Taxation Dept. to enforce laws that have been in effect for years. I have always paid my state transient and GE taxes as required by law, when due. I do not need nor can I afford to have a rental agency manage my property.

I have owned rentals off and on for over 20 years on the Big Island and recently purchased my future retirement home there. This unit was never used as a rental prior to my purchase last year. This is new tax revenue for the state and has brought additional tourist income to the community. I personally manage my unit with the help of an on-island realtor and manager, as required, and do a careful screening of potential guests so that my unit stays one of the best in our complex. I employ a local cleaning company, hire local companies to do repairs and maintenance, and have someone available 24 hours a day for emergencies.

Years ago one of my properties was managed by a HI state licensed property manager which collected the rent and taxes, then paid us a check minus his fees. He ran off with our proceeds, never paid the state their taxes, and even though we filed a criminal complaint with the state, nothing ever came of it. If this bill passes, I would be forced to utilize a management company that may or may not take as good care of my second home as I do, and who may or may not handle the monies and taxes accurately.

I feel that passage of this bill would harm the economy of the state, not enhance it, as quite a few people such as myself would be hesitant to continue to rent their properties, or hesitant to invest in rental properties. Not only that, but with fewer rentals available at reasonable rates, our tourist trade would decline. I would probably choose to not rent it and leave it empty rather than have it controlled by some large, impersonal management company that would ruin my future retirement home.

Sincerely,  
James Fagelson  
909-224-8737

Feb. 26, 2012

Dear Representatives,

My husband and I have been traveling to your beautiful state for the past 11 years for a 2 week escape from the cold winters in NJ. We usually stay in Maui and Kauai but occasionally rent in the other islands.

For the past several years we have rented directly from different owners via VRBO. We have always had excellent experiences with the owners and they provide us with concierge-like advice and information about the immediate area. We have rented from over a dozen owners and have always been pleased with the condos, the cleanliness, and the value (tax included.)

I understand that there is a bill in the legislature that will end this wonderful way for retired people like us to enjoy your beautiful state at reasonable rates. Without it, we would be forced to head to the Caribbean or Mexico to escape our cold winters.

Please vote against SB2089.

Sincerely,

Kathy Sjonell  
1630 Cooper Road  
Scotch Plains, NJ 07076

Good afternoon,

I had a wonderful experience renting my vacation condo from the owner directly. I have visited Hawaii many times and have rented from owners, which I have paid taxes on. I am planning on visiting again soon, however if I have to pay 25%-40% more for the same vacation rental then I will have to rethink my visit and probably vacation somewhere else.

Thank you,

Liz Danelian

To Whom It May Concern,

I am strongly opposed to Senate Bill 2089. I recently has a fabulous experience renting from an owner and yes, I was charged tax. Also, I would probably not rent the condo unit again if the price were increased 25% to 40%.

Thank you,

Richard Todd Stevens  
Crownsville, MD

Maui condo rental - 2/14 to 2/19/12  
Kauai condo rental - 2/19 to 2/23/12

If it had not been for the reasonable price offered through VRBO and Homeaway, my family would not have been able to visit for two weeks for our 25th Anniversary. Our home owner was professional and a great resource for all our needs when we planned our vacation. We paid taxes just like we would have if we had stayed with a rental company. Please don't pass this bill. It will definitely stop us from visiting again.  
We won't be able to afford it!

Laurie P. Moon  
North Carolina

Dear Committee Members,

I am writing in opposition of SB 2089. I just returned from a wonderful owner-managed rental two days ago. It was a wonderful and personal experience. Everything went smooth and the added specialness was the personal attention we received from the owner. This truly defines the Aloha experience we were searching for when choosing a place to stay. I must admit that a 25-40% proposed increase that comes with a property manager would definitely affect our ability and willingness to return. With this economy, we are mindful of every purchase and we would definitely choose another location to vacation that is NOT property managed. We really are looking for personal attention that only comes from the owners.

It was hard enough paying the extreme taxes that we visitors pay. I can't imaging paying an additional 25-40% more! Way beyond fair!

Please rethink this proposal. If passed, you will loose us as future renters.

Happy Owner-Managed Renter,  
Pamela Godfrey Stevens

To Whom It May Concern:

My family rented a home on Kauai two summers ago. It was our first trip to this island. We rented directly from the owner which made it affordable to us and enabled us to spend the week enjoying snorkeling, golfing, local restaurants, and spending our vacation funds on this island. If we had to pay a property manager 25-30% more on top of the rental we would have missed this beautiful island. The owner/ rental experience was one that worked for us- addressing all our needs.

Thank you for your consideration of our opinion.

A concerned vacationer,

Cynthia Chase

## WE HAVE THE RIGHT TO MANAGE OUR OWN PROPERTIES

Committee on Commerce and Consumer Protection,

We are writing this letter to oppose SB 2089. We are sure that you have heard from many non- resident property owners, who like ourselves, consider SB 2089 to be **ILLEGAL** and **UNCONSTITUTIONAL**.

We own two condos at Napili Shores Resort on Maui. We purchased our first condo twenty years ago, with the assurance that we would be able to manage the property ourselves and have a good return on our investment. We pay our Transient Accommodations and Excise taxes monthly, almost \$11,000 in 2011. In addition, we pay our Property taxes, nearly \$10,000 in 2011. We also pay Hawaii State Income Taxes.

We advertise worldwide on the Internet, promoting Maui and the advantages of making a trip to Paradise. Over three hundred guests make their way to Hawaii because they want to visit our two condos. These three hundred guests eat in restaurants, take tours, rent cars, buy airplane tickets, rent snorkel gear, buy gas, shop for food and souvenirs, pay taxes, and have a great time because of our efforts.

We firmly believe that there is nobody who can rent our condos more effectively than we do. Nobody has the stake in our properties that we have. We advertise, make reservations, pay taxes, maintain our condos and establish relationships with guests who return again and again to stay with us. We answer phone calls and e-mails 7 days a week, 24 hours a day. Are there Property Managers who are willing to work this hard? We believe that if SB 2089 is allowed to pass, there will be fewer rentals in Hawaii, not more.

We believe our personal freedoms are under attack with this measure and are willing to join with our colleagues in a lawsuit against the State of Hawaii if necessary to retain our Constitutional rights.

We are asking for your assistance with this cruel and absurd attack on our rights as American citizens. Please defeat SB 2089.

Sincerely,

Corbet and Joanne Richter

Hawaii Property Owners who happen to live in Washington State when not on Maui remodeling and maintaining our properties.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Diane Mat

Organization: Individual

E-mail: [krgp@live.com](mailto:krgp@live.com)

Submitted on: 2/26/2012

Comments:

I am Canadian and therefore for those of us who are from another country it is imperative that we pay all the taxes owing and follow all the rules to a tee. If



we were to be caught cheating we would most likely be forbidden from crossing the border into the US which would be devastating for us in many ways. All the Canadians that I know here are very concerned that they do not break any laws as we feel blessed to be able to come to such a wonderful place. Regarding my past two experiences, before I owned, with renting through Waikoloa Vacation Rentals, Rob Dalton, at the Vista Waikoloa condos. The condos, both times, that I rented through this agency were of inferior quality, poorly equipped and not that clean. The bed in one was sagging and had springs sticking through. I had to buy towels, bowls, wine glasses and baking sheets as the kitchens were so poorly equipped. Our friends also encountered the same with a unit they rented two years ago through Waikoloa Vacation Rentals. There is no 'quality control' as they would make you believe, in their units. This is the point I am making. One of Dalton's arguments is that there is no standard or control of the units rented by owners. Well his rental units were not all up to snuff. When I bought and was considering hiring a property manager Waikoloa Vacation Rentals were not very interested in taking on new clients from the Vistas.

In a recent visit to Maui, I stayed in 2 condo units. The unit in Kihei was managed by the owner and was far better maintained and represented (and less expensive) than the 'professionally managed' unit in Lahaina. I expect that even though I paid the tax in both, the management fees were a large part of the higher cost in Lahaina.

If these experiences represent the difference between owner and professionally managed, I'll pick owner managed any time.

Rob Gray  
Calgary, Canada

As the non-resident owner of a transient vacation rental in Kauai, I am opposed to SB2089 for the following reasons,

A. We rented another property for several years, before VRBO was available, through a real estate agency and our occupancy rate was 50% less than our current occupancy rate through VRBO. Why? (1) The agency took reservations for several properties and had no motivation to favor the rental of our property. (2) The agency owned properties that competed with our property. (3) With the 40% fee charged by the agency, the properties were not competitively priced.

B. We have a property manager who is outstanding and who is not a real estate agent. Why does the state not require independent property managers to become registered based upon references of the property owners they serve (resident & non-resident) and to require that these property managers periodically certify the TAT/GET information provided to the state by resident and non-resident property owners. Transient Vacation Rental owners now supply the name of their property manager to their county planning department, so the state knows who they are.

C. The state could require that transient vacation rental owners (resident & non-resident) provide directly to the state annually the amounts paid to residents for services in excess of \$500.

D. Owners are required to post their Transient Vacation Rental registration number on their internet web site. Each of these sites has a calendar for each property. There are only 3 major web-sites - VRBO, Homeaway, and Flipkey. The state could require that the internet sites that list properties in the state provide an annual report on the occupancy of each property in the state. The owner could be required to explain the difference between the internet calendar and the TAT/GET.

E. In summary, the current internet system is working for tourists and owners/investors, not only in Hawaii, but throughout the free world. The state must go with the flow and **collect the taxes that are owed** by the owners and the suppliers to the owners. This is not something to be thrown over the transom to the realtors. The state has increased TAT from 7.25% to 9.25% in 2 years and the state has a large number of residents receiving money from the owners of vacations rentals. Why do the tourists and the owners now have to pay the realtors to collect taxes?

This will definitely change our vacation plans. The place we visit will go up about 40%. By the way, WE PAY TAX. It's shutting down the island to folks who love to visit. So much for aloha.

Please do not pass SB2089

It's sad to see that our state governments are following in the footsteps of the federal government. Ignoring individuals while passing legislation that benefits their friends in business.

My wife and I got married in Kauai last September and rented a home from a non-resident owner and our experience was fantastic. We had planned on returning for future vacations but will definitely re-consider that if rental prices increase.

This bill will not add to any value to anyone's travel experience, it will only leave them with less available dollars to spend once they arrive. Meaning less money to be spent at local businesses.

And how would passage of this bill benefit anyone other than realtors and property management companies?

Thank you,  
Chuck Johnson

**Gale K. Vick**

2075 Becker Ridge Road , Fairbanks, Alaska 99709

PH: 907-457-5797 CELL: 907-227-7442

e-mail: gkvsons@alaska.net

DATE: Sunday, February 26, 2012

TO: Hawaii State Legislature / Senate

Committee on Commerce and Consumer Protection

RE: OPPOSING SB 2089 (SSCR2043) A bill requiring any nonresident owner who operates a transient accommodation located in the nonresident owner's private residence, including an apartment, unit, or townhouse, to employ a property manager approved by the real estate commission.

Dear Members of the Committee on Commerce and Consumer Protection:

I am writing to oppose SB2089 requiring the use of a real estate commissioned property manager

for non-resident owned transient accommodations. I find this measure short-sighted and discriminatory to the non-resident owner.

I am a long-time resident of the State of Alaska. As you already know, there are a great number of Alaskans who visit Hawaii on a regular basis. One of the reasons I have chosen Hawaii over other places is because I have friends who operate a VRBO (Vacation Rental by Owner) unit in Maui. I find this option extremely efficient and attractive for me, my family and friends. When I am in Hawaii, like so many others, I spend a considerable amount of money on food, fuel, transportation, services, events and gifts. I believe that you will see a decline of tourists if non-resident owned VBRO's are required to employ a property manager. It is simple economics. Costs would increase, which would be passed along to the visitor, and flexibility would decrease. When VRBOs are operated by other than the owners, the unit becomes more like a hotel and less desirable. Myself and so many people I know in Alaska prefer the VRBO option precisely because we know the owners and word of mouth confirms the quality of our choice. It is a marketing tool that cannot be replicated through a real estate agency. I am concerned that this bill may force many non-resident VRBO owners to sell their units. The owners of VRBOs are registered with the State of Hawaii, pay all taxes and fees, and comply with all local laws. They also hire local help, pay local utilities and buy supplies locally. The increased cost to non-resident owners may theoretically benefit local owners but I think it would just flood the real estate market with units no one can afford. Please reconsider this bill and do NOT pass SB2089. Thank you.

Sincerely, Gale K. Vick

My name is Lynette Poncin and I oppose this SB2089

I have been operating my rental over the internet for 10 years. I was with Apple Computer for 25 years and recognized that internet commerce was the way of the future. I have always paid my GE and TAT tax as required by law. The assumption that people are not using Property Management firms to avoid paying taxes is flawed. People who want to avoid paying taxes will go underground no matter what law is enacted. What this bill will do is harm those of us who abide by the rules.

I sense that this bill is supported by Property Management Companies. Why Not?

It will expand their business significantly and not necessarily to the good. This way of doing business is outdated and I suspect they are grasping at straws as better ways of transacting business is coming on line.

There are issues now with people who book through some of these companies. Today two couples showed up at our complex office and had no idea they had to drive back several miles towards the airport to check in with the "property management company". At night these guests show up and are confused about how to check in after hours. Many times I've gone out to help them call the person at the Property Management firm to get a code. These are not even my guests but I feel a responsibility toward the complex as a whole. Owners who already have a relationship with PR firms want out! They have no control over who is being put into their units. Many times people have commented that when they book through a property management firm, it's like dealing with a hotel and they treat the unit accordingly.

I don't have any trust with these companies to manage my financial investment.

We are very careful when we take bookings. We develop a one on one relationship with our guests. Because of that, guests take care and we have had no damage in the 10 years we have been doing this. No Property management has time to do that.

They look to see where there is availability and plop someone in. There is no way I would allow this to happen.

I'm careful on who I hire to clean my unit and employ as my onsite representative. I've had the same cleaners for 10 years and would not want to relinquish that to whomever the Property Management firm does business with. My cleaners know how to properly clean my travertine and granite. I don't have that faith in the Property Management firms. The unit next door is with a large Property Management firm and they are changing cleaners all the time.

I don't want people I haven't interacted with even knowing what I have in my unit.

I haven't had any instances of theft and I don't want to. I am aware of several incidents in our complex where things have gone missing when cleaners were in the unit. These are not high paying jobs so it has to be a matter of trust.

You are asking that I release control of my Financial Investment to some third party that I would know nothing about. Who is to say that they don't collect rental fee's and disappear. That has also happened.

Why in the world does anyone see this as a solution to collect taxes? We all have had to correctly classify the use of our property to the Tax Assessors Office. Why can someone not cross reference those tagged as short term rentals to the list maintained by the TAT group. There has to be several other ways beside forcing us to turn over a very significant investment to some third party.

If this bill were to pass, I would have to give significant thought as to changing my residency. I live here on Maui 95% of the time but still maintain Calif as my legal residence.

Ladies and Gentleman of the Senate,

I understand that Bill SB 2089 regarding condominium management in Hawaii will be considered by the Senate on Tuesday, February 28, 2012.

My wife and I have come to Hawaii about 30 times since 1979, and have plans to come back each year going forward. We also plan to bring our children and grandchildren to Hawaii occasionally.

The passage of Bill SB 2089, and the consequent increase in rental costs, will certainly cause us to reconsider our plans. I do not believe that forced management will make our stays in Hawaii better. I believe that the real issue with respect to condominiums is the willingness of owners to keep their condominiums in good condition, whether they are managed or not.

I am a firm believer in free enterprise and the passage of Bill SB 2089 would infringe on the principle of free enterprise. There is no doubt in my mind that the passage of that Bill will result in a decrease in the number people wanting to come to Hawaii in the future.

Respectfully,

Richard Rennick

**Richard S. Rennick Professional Corporation**  
**2200 Sun Life Place**  
**10123 - 99 Street**  
**Edmonton, AB T5J 3H1**  
**Phone: 780.426.5510**  
**Fax: 780.420.1645**  
**Email: [rsr@rennicklaw.ca](mailto:rsr@rennicklaw.ca)**

When I read through the testimonies for this bill, it looks like a bunch of local tourism/Real-estate companies complaining because they are losing money in their industry to "fair competition". Mostly because they didn't have the foresight of companies like VRBO and Homeaway. Instead of adapting to a little thing called the "Internet Revolution" they thought that their companies were permanent fixtures. These companies are relics and need to focus on the future of the industry in a way to make what they do more competitive and more streamlined. Not by using the local state government to bail them out, so in turn they can find more ways to tax "American Citizens". So these poorly managed companies can continue to make a sizable profit in something they do not own.

Regards,

--

Brandon R. Bates  
M2M Steel Systems  
(619) 717 2914 direct  
(877) 350 0409 fax  
[brandon.bates@m2msteel.com](mailto:brandon.bates@m2msteel.com)

Hello,

I would like to express my opposition to SB 2089. We rented a condo on Kauai through VRBO last July. We had a great experience with the rental and service provided by the owner. We also paid taxes on the rental. With the reasonable rate at the condo, we were able to spend two weeks in

Hawaii; however, if the price were to increase to cover the realtor/rental agency arrangement required by SB 2089, we would likely have reduced the overall length of our stay. Please help keep Hawaii as an affordable vacation destination and do not pass SB 2089.

Sincerely,  
Jill Luvaas  
Portland, OR

My family and I have had great experiences multiple times renting properties on the Hawaiian islands directly through the owners, with no involvement by property managers. We are on a limited budget traveling with kids, and this allows us to avoid the 25 to 40% premium required by going through a property manager. With airline tickets on the rise, the passing of this bill would be a complete deterrent from considering travel to the Hawaiian islands.

Sincerely,

Kevin Krebs  
Rebar Engineering, Inc.  
Vice President  
562-946-2461. x222  
[kevin@rebareng.com](mailto:kevin@rebareng.com)

My wife and I own a condo in Wailea. We use VRBO and HomeAway to secure rentals. I have a very responsible Representative on Maui that hosts our renters and trouble shoots should there be issues. I pay all my taxes to the State of Hawaii on a quarterly basis. The Bill the Senate is considering will ultimately hurt homeowners like myself that are responsible and paying the appropriate taxes. This Bill as written is clearly a "cash grab" by selective interest groups that are trying to temp the Legislature into believing this will enhance the State's revenue. While I fully support the State's desire to get every Tax dollar it deserves this is not a good way to go about it. It will ultimately hurt the Real Estate market and tourism in general. I am not sure that the Bill is Constitutionally legal. In any event please do not pass this bill as responsible homeowners like myself will be hurt.

Sincerely,  
John Blair, M.D.

--

John Blair, M.D.  
Puget Sound Orthopaedics

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Diane Luther  
Organization: Individual  
E-mail: [dianescondo@msn.com](mailto:dianescondo@msn.com)  
Submitted on: 2/27/2012

Comments:

I am a nonresident condo owner renting my unit to vacationers. I have owned it since 1988 and have paid ALL required taxes. When using a licensed real estate agent (until 2008) the taxes were of course collected from those renters they acquired but I PAID THEM not they re agent. They merely forwarded the funds to me. I repeat ALL TAXES REQUIRED have been paid by me and I do resent those owners who do not pay their taxes. A better use of time and money would be to initiate ongoing procedures to ensure compliance by everyone. This is not a difficult thing there are protocols in place now that would facilitate this endeavor. I am fortunate that I can take my unit out of the rental pool and just use it for my own pleasure (which I do now) resulting in one less unit available to contribute to the overall economy of Maui and HI. How many other owners may be in the same position and choose that option? This body needs to think through the consequences of their actions in the long run.

Hi,

My family and I turn to VRBO first when planning our vacation each year. We love being able to communicate directly with the owners of any listings we are interested in renting. Also, the rental process is personalized and makes us feel welcome. I don't like the rigidity of having to rent via a management company - we almost always feel that we are overpaying and overall it is a much more impersonal experience.

We have rented a condo from a family in Hawaii for many years, which we love. The condo rental fee is within our budget because of the fact that the owners rent out directly or via VRBO. We always know what to expect when we arrive and are free to call the owners if we have any questions. It is expensive to travel to Hawaii and if we had to increase our lodging budget by 30 - 45% - we would likely go somewhere else.

The family we rent from have always outlined our bill to show that TAT and GT taxes is included in our overall cost. There are no mysterious "registration" or "management" fees that we would get from using a management company. We love the fact that details of our trip, such as early check-in or late check-out, what items are stocked in the rental that you might need (boogie boards, beach towels, etc.) are handled on an individual basis - this always

makes us feel like we are valued as renters.

I feel strongly that the loss of owner-direct rentals would negatively impact our travel to Hawaii. Please don't pass SB2089.

Thank you,

Ruth Stevens

Aloha,

My wife and I are owners of a beautiful vacation property in Maui and we absolutely enjoy being our own property managers. We are both retired and spend several months of the year in our condo, but enjoy allowing others to rent it on a weekly basis. We have done all the correct things in paying our property taxes and reporting our rentals for GE and TAT taxes.

I urge you not to take away the right for us to continue to operate our vacation rental as an interested owner and please do not force us to utilize a paid professional. All this does is increase our cost and will drive the rental rates so high that we will not be able to maintain ownership of the property.

If the worry is loss of property taxes, GE and TAT taxes then please address that issue directly and please do not shotgun the attack; you will injure perfectly well abiding people like my wife and me.

Thank you for your attention and consideration.

Mahalo,

--

**Ed**

(916) 606-1321

[www.MauiHonuKai.com](http://www.MauiHonuKai.com)

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Marilyn Brown

Organization: Individual

E-mail: [marilyn7b@yahoo.com](mailto:marilyn7b@yahoo.com)

Submitted on: 2/27/2012

Comments:

As a Hawaii Property Owner, law abiding taxpayer, future Hawaii resident hopeful We are urging you to oppose SB-2089. Our reasons are as follows:

SB-2089 is illegal per Hawaii State laws. A realtor will be in violation for representing illegal rentals. This bill conflicts with a current law.

Per testimony by Rico.

It is unconstitutional . Please see attached copy of letter to Senator

The tax board can follow the process used in 2007 by the past tax board which did an audit. They can hire consultants and research through ads. Do not take it out on the majority that pay their taxes. The State will lose more than they gain.



This bill is being requested by a small group of realtors/booking agents who have a vested interest! If this bill passes the state has been used as a tool to create a monopoly. There will be price control and it cuts off free enterprise. Many owners including ourselves will be forced to sell or even go into foreclosure if this is passed.

Agents charge 40-50% commission. We cannot afford to pay our mortgages if we sign up with agents. We have local managers to take care of all maintenance problems, we pay our taxes, we generate revenue in the communities, the condos we own have 24/7 managers and security. Our guests visiting Hawaii are very pleased with our current services and continue to visit this great state because of the outstanding experience they receive.

The agents who will financially gain from this bill have said the State is losing millions. They do not have the qualifications to discuss numbers as serious as tax money.

Many property owners have turned to managing properties themselves because of unscrupulous practices by property management companies. We all have experienced including overcharging, unauthorized use of our property by their friends and family, managing agents receiving kick-backs from vendors who overcharge (repairs, carpet cleaning, a/c servicing, etc), non-payment - the list of horror stories are endless. What measures would be in place to insure these managers will actually pay all collected taxes to the state? This bill solves NOTHING!

As owners managing the renting out of our home as a vacation rental we diligently collect and pay all required TAT and GE Taxes in a timely efficient manner. I'm sure the majority of responsible owners who handle the renting and collecting of monies do the same for their property. Without factual documentation or evidence to support widespread abuse of non-payment of TAT/GET taxes as suggested especially given the lack documentation of any factual evidence presented is unacceptable.

The majority of responsible owners should not be punished as the result of mere speculation and no supporting factual information.

This bill serves to merely create another ungoverned intermediary such as used for 1031 exchanges which recently have had widespread cases of misuse of funds, theft and lengthy and costly prosecution of the offenders.

The same issues have happened in several states where so called official "Property Managers" aka Licensed Real Estate Managers who manage rental units have absconded with millions of dollars of owners rent money. There are simply no established systems in place to govern these entities. Clearly what HB1760 and 2078 would create is simply another void and NOT a solution!

Perhaps instead of passing this flawed bill we should be looking at how to better monitor existing rentals and ensure tax monies are properly collected and paid.

We strongly urge you to not pass this flawed bill that will not solve any perceived revenue problems and will only create another one.

We also fully support the reasons stated in the attached letter to Senator Roslyn.

Respectfully,

Marilyn and Kevin Brown

Bend, Oregon

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Kevin Brown

Organization: Individual

E-mail: [Kevinbrown9999@yahoo.com](mailto:Kevinbrown9999@yahoo.com)

Submitted on: 2/27/2012

Comments:

As a Hawaii Property Owner, law abiding taxpayer, future Hawaii resident hopeful We are urging you to oppose SB-2089. Our reasons are as follows:

SB-2089 is illegal per Hawaii State laws. A realtor will be in violation for representing illegal rentals. This bill conflicts with a current law.

Per testimony by Rico.

It is unconstitutional . Please see attached copy of letter to Senator

The tax board can follow the process used in 2007 by the past tax board which did an audit. They can hire consultants and research through ads. Do not take it out on the majority that pay their taxes. The State will lose more than they gain.

This bill is being requested by a small group of realtors/booking agents who have a vested interest! If this bill passes the state has been used as a tool to create a monopoly. There will be price control and it cuts off free enterprise. Many owners including ourselves will be forced to sell or even go into foreclosure if this is passed.

Agents charge 40-50% commission. We cannot afford to pay our mortgages if we sign up with agents. We have local managers to take care of all maintenance problems, we pay our taxes, we generate revenue in the communities, the condos we own have 24/7 managers and security. Our guests visiting Hawaii are very pleased with our current services and continue to visit this great state because of the outstanding experience they receive.

The agents who will financially gain from this bill have said the State is losing millions. They do not have the qualifications to discuss numbers as serious as tax money.

Many property owners have turned to managing properties themselves because of unscrupulous practices by property management companies. We all have experienced including overcharging, unauthorized use of our property by their friends and family, managing agents receiving kick-backs from vendors who overcharge (repairs, carpet cleaning, a/c servicing, etc), non-payment - the list of horror stories are endless. What measures would be in place to insure these managers will actually pay all collected taxes to the state? This bill solves NOTHING!

As owners managing the renting out of our home as a vacation rental we diligently collect and pay all required TAT and GE Taxes in a timely efficient manner. I'm sure the majority of responsible owners who handle the renting and collecting of monies do the same for their property. Without factual documentation or evidence to support widespread abuse of non-payment of TAT/GET taxes as suggested especially given the lack documentation of any factual evidence presented is unacceptable.

The majority of responsible owners should not be punished as the result of mere speculation and no supporting factual information.

This bill serves to merely create another ungoverned intermediary such as used for 1031 exchanges which recently have had widespread cases of misuse of funds, theft and lengthy and costly prosecution of the offenders.

The same issues have happened in several states where so called official "Property Managers" aka Licensed Real Estate Managers who manage rental units have absconded with millions of dollars of owners rent money. There are simply no established systems in place to govern these entities. Clearly what HB1760 and 2078 would create is simply another void and NOT a solution!

Perhaps instead of passing this flawed bill we should be looking at how to better monitor existing rentals and ensure tax monies are properly collected and paid.

We strongly urge you to not pass this flawed bill that will not solve any perceived revenue problems and will only create another one.

We also fully support the reasons stated in the attached letter to Senator Roslyn.

Respectfully,

Marilyn and Kevin Brown

Bend, Oregon

To Senators Baker, Taniguchi, Galuteria, Green, Nishihara, Solomon, Slom and other members of the Hawaii Legislature:

After some very hasty research on SB 2089 over the last few days, we understand what it is that the Hawaii Legislature wants to do, but we don't believe that enough proof exists to support that SB 2089 is the best plan of action for doing so.

The global economy is and has been quite unstable for some time now. Tourism & travel industries, which are a first "cut" for many when times are tough, feel the fickleness more seriously than some sectors. A natural consequence of this is a lower GET/TAT revenue stream, so it makes sense that struggling state economies look at collecting taxes from the fraudulent few who don't pay these taxes. What defies logic is why a state would take on the expense of enforcing an entirely new law on the masses rather than simply enforce current laws on the small percentage who don't choose to abide by the tax laws.

While we have not had the opportunity to hear any specific testimony on the subject in person, from what we have read, it seems there are several scenarios that have not been taken into consideration or addressed:

1. Penalizing the vast majority of tax-paying, law-abiding non-resident owners, who are often the "face" of Hawaii to our renters on the mainland, seems to be a very risky business choice. Many owners will either have to increase rental rates to cover the 25-40% commission that most property managers take, making potential tourists look at cheaper alternatives like Mexico or the Caribbean, or they will simply sell their properties (or even foreclose on them), potentially causing a glut in an already unstable real estate market.
2. What is essentially a money grab for the property management/realtors sector, will be seen as a golden opportunity for many in this economy, who only have to pass a realtors exam to get in on this deal. Who will hold realtors (established and new opportunists) accountable for collecting & paying these taxes better than the owners who often have not only a financial commitment in their properties, but often an emotional or sentimental one as well? Look at how well these "regulated," licensed fields have policed themselves in the past, how can we be certain that these realtors and property managers will be any better about tax filings than the home owners they represent?
3. How will passing SB 2089 make current tax evaders suddenly come to their senses & start paying taxes? Chances are, current law breakers will continue to operate just as they do now, or will seek out the unethical realtors or property managers mentioned in #2 to help them continue operating as usual. Not only will the state not recover those taxes they have missed in the past, the costs of enforcing the new law, in addition to some potentially serious losses in revenue from forcing the "middleman" on the small income owners will end up causing a net loss over where things stand now. The only ones to genuinely benefit from SB 2089 would be realtors & property managers. The state of Hawaii, law-abiding, non-resident owners, and Hawaii's tourism industry will not get anything out of this, and in fact, potentially have a lot to lose.
4. Is this law free of expensive lawsuits from owners who see this as government legislating middlemen to collect income? While there are many properties owned by corporations or large financial capital groups, another large group of property owners are actually mom & pop folks who just want the rentals to help cover the expenses of ownership in paradise. Forcing them to pay 25-40% of their gross rental income to a

middleman will be more than they can afford. Those large financial groups, who have large legal departments? Don't think they won't be looking into the constitutionality of this law and won't sue if they see an opportunity.

5. Looking forward, it would be irresponsible to not consider how this law will affect future development & real estate markets. All things being equal, this law would likely have potential investors or buyers look at other similar real estate markets, knowing they could avoid the high fees of the mandatory middlemen by doing so. People who might have looked at buying a fixer-upper in Kihei or a condo in Kona could look at Central America or the Caribbean instead. There could possibly be a slow, but very negative, watershed effect: as more fixer-uppers go languishing on the market and property owners put their money into other comparable areas, the tourist dollars follow those property owners.

It appears that the most financially prudent thing to do when it comes to this lost tax revenue is to simply enforce the laws that are already on the books or work on making penalties for current laws even stronger. Penalizing the "good guys" by enacting new laws on everyone is very self-defeating in our current market.

Thank you for your consideration.

Respectfully,

Jodi & Jason Maples  
Greenwood Village, CO  
AND Kahana, Maui, HI

We have rented from private condo owners in Hawaii and are very pleased with the experiences we have had. This bill will add unnecessary cost to the rentals without providing any service to the customer. There are many internet sites dedicated to feedback on rentals so it was very easy to determine which rental was going to provide a very positive experience. In our case(s) taxes were collected as a required part of the rental so there is no issue with that either. I see no benefit to requiring owners to pay either Realtors or property managers to rent their condos. In fact just the opposite, by having owners willing to advertise and rent on their own there is more competition and the overall cost is kept lower. I am a past licensed Realtor in Virginia and do not think this bill is a good idea for tourism in Hawaii.

Sincerely,

David Pouliot  
Mineral, VA

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: pamela godfrey stevens  
Organization: Individual  
E-mail: [pamgodfrey@hotmail.com](mailto:pamgodfrey@hotmail.com)  
Submitted on: 2/27/2012

Comments:

Dear Committee Members,

I am writing in opposition of SB 2089. I just returned from a wonderful owner-managed rental two days ago. It was a wonderful and personal experience. Everything went smooth and the added specialness was the personal attention we received from the owner. This truly defines the Aloha experience we were searching for when choosing a place to stay. I must admit that a 25-40% proposed increase that comes with a property manager would definitely affect our ability and willingness to return. With this economy, we are mindful of every purchase and we would definitely choose another location to vacation that is NOT property managed. We really are looking for personal attention that only comes from the owners.

It was hard enough paying the extreme taxes that we visitors pay. I can't imaging paying an additional 25-40% more! Way beyond fair!

Please rethink this proposal. If passed, you will loose us as future renters.

Happy Owner-Managed Renter,  
Pamela Godfrey Stevens

Please note that I am opposed to SB 2089. As a traveler to Hawaii, the cost would be 30% to 45% more for the same condo. If this passes I will be rethinking my travels to Hawaii. Renting from the owner has been a great experience. The owner does collect the GE and TAT tax when we have rented. Renting from this property owner has been the best vacation experience we have ever had in Hawaii.

Sincerely,  
Cecily Gibson  
[cecilyg53@gmail.com](mailto:cecilyg53@gmail.com)  
Lake Stevens, Wa

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Rev. Ralph G. Schmidt  
Organization: Individual  
E-mail: [ralphschmidt1947@gmail.com](mailto:ralphschmidt1947@gmail.com)  
Submitted on: 2/27/2012

Comments:

I am one of thousands of non-resident condo owners who have made significant investments in the Hawaii economy. We pay all of our taxes. Now we are being told that a bill is being considered that would force us to pay property managers to do what we are already doing. Last year I collected about \$40,000 rent plus \$5400 in TAT/GET taxes. My costs were \$45,000 plus \$5400 in TAT/GET taxes. If this bill passes and I have to pay a typical 40% of my rent to a property manager

to do the same things I am already doing, my cost will increase to \$61,000!!!! To punish me like that for what others are supposedly doing, is immoral.

I read a post from one of the large property managers who said he guessed conservatively speaking that 60% of property owners were not paying their taxes. So I did a bit of research on my own. I had also read that Kapoho was an area that was rampant for non-compliance. So I went to VRBO and check every listing for Kapoho. I found that 73 of the 78 listings specifically mention payment of Hawaii taxes. 2 of the 5 that didn't mention it belong to one owner who also has a 3rd listing that does mention the taxes. I think it is a safe assumption that he isn't collecting the tax on just 1 of 3 properties. For the other 3, it doesn't mean they aren't collecting taxes; it only means they haven't mentioned it in their listing. And 2 of those 3 have a Hawaii phone number. Only 1 out of the 3 has a non-resident phone. A few days ago I was reading, and if my memory is correct this was part of the argumentation made in testimony by the property managers, that non-resident owners not collecting taxes have an unfair advantage over resident owners that do collect taxes. But reading the VRBO listings clearly shows this is not the case. If, as the above mentioned property owner alleges, 60% of property owners are not paying their taxes, it means they are collecting them and pocketing the money, clearly stealing from the government. If that is the case, they should be prosecuted. But I cannot believe there are that many dishonest people who have been successful enough in life to make these kinds of investments and then steal relatively small amounts in addition to the rent they receive.

The state's own audit in 2007 showed a high rate of compliance. This squares precisely with the exercise I just went through. If there is non-compliance, the state can easily find that out by simply checking the listings and comparing it to the tax receipts. I suspect that will show that this entire bill is a ruse that property managers are bringing forth in order to have the state force us to use them. It will, if passed, cause many owners to do nothing but long term rentals which will decrease the amount of TAT/GET collected, sell their condos, depress the real estate market thus lowering property taxes, hurt the economy and hurt tourism.

Enforce the laws already on the books if there is a problem. Don't take it out on those of us who pay their taxes and who will be devastated by this draconian measure.

Rev. Ralph G. Schmidt

Dear Governing Officials,

I am writing to express my sincere opposition to SB 2089.

We visited Hawaii for a friend's destination location wedding that was held on Kauai. Traveling to Hawaii from the main land was a huge expense. The cost of the flight used up most of our budget. After looking over our finances I realized we would only be able to stay for 2 nights at a hotel. Myself and my husband were extremely sad because Hawaii is our most favorite vacation location. Fortunately, I stumbled across VRBO and was able to locate an amazing privately owned home that

was managed directly by the owners. After reviewing the gorgeous property online (3 bedrooms, BIG kitchen, pool & jacuzzi, great views, grill, washer & dryer, garage, pool table...) I was able to convince two other couples (who were initially not planning on traveling to Hawaii because of the cost) to join us in renting the property for an ENTIRE week! The money we saved in lodging was happily spend visiting attractions, buying souvenirs, and dining. The other two couples that joined us were amazed at the affordability of the property.

Dealing with the owner directly was an extremely good experience. Being the owner, Linda, was personally invested in her home and it showed. We paid a fair rate (tax included) for a wonderful place. The house was exceptionally well maintained and all of our interactions were nothing less than professional, but with that genuine friendliness that we (tourists) expect from Hawaiians. Linda was helpful and thoughtful during all of our interactions. All of us had such a great time on the island and in the home that before we left we made a promise to each other to go back for a 5 year reunion! With the downturn of the economy and the rising prices of everything, regrettably, if the cost was to increase even 25% we wouldn't be able to afford it. We are looking forward to returning with the entire group (6 adults) in two years and when the six of us get together we speak of it often. It would be a tragedy if we had to cancel our plans to return because of an increase in fees...

During our visit we interacted with many people in the tourism industry, working with Linda was truly a breath of fresh air. She gave us tips of local treasures that we never would have heard of from a tour guide. The chance to speak with a local made our visit that much more special and memorable. It is the natural beauty of the island that lures us, but it is the people that convince us to return.

I STRONGLY URGE YOU TO OPPOSE SB 2089!! Please do not rob us of the gift of sharing your island with us.

Most sincerely,  
Angela and Ricardo Santamaria  
San Diego, California

Hello,

I was just made aware the state of Hawaii is proposing a bill that would require private condo owners to hire a property manager to rent their vacation rentals, SB2089. It will raise the price of the vacation rental and is completely unnecessary. ***Please vote no.***

I have rented private condos multiple times thru individual owners at the Kuhio Shores in Kauai and I have paid the appropriate taxes each time and have had great experiences renting directly from the owners. If property managers are required, it will raise the price to rent the condo without any benefit to anyone except the property manager. The owners are doing a very good job. The vacation renters are enjoying their stay at lower rates because it is direct from the owner. If you add another layer of personnel for no reason, it will make it harder for me and others like me to afford to go and vacation in Kauai. The last time I went, I had to think long and hard if I could afford to go. Please do not vote for this measure. Please do not take away the owners right to handle their own affairs. I want to continue going to the state of Hawaii for vacation, but if more and more unnecessary costs are added to the price of vacationing there, I will not be able to go. Is that what you really want?



Mary Leadbetter  
4515 Crew Lane  
Santa Maria CA 93455

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Peter Ingram  
Organization: Individual  
E-mail: [pigram@keypics.com](mailto:pigram@keypics.com)  
Submitted on: 2/27/2012

Comments:

I am a Canadian residing in Vancouver who has enjoyed family vacations in Kihei with our two young children over the past five years.

We have enjoyed your wonderful State so much that we are contemplating purchasing a condo there.

In the event SB2089 is passed, it is highly likely we would no longer consider a condo purchase, as the economics of this decision would be greatly altered. Such a change may also impact whether our future vacations were in Hawaii, if it has the effect of increasing rental rates, which I fear it may.

It is hard to predict the impact of such a Bill, but it may be that any gains accruing to the Property managers of Hawaii could be offset by the losses to others in the State due to lower sale prices and reduced tourism.

SB2089 appears to me to be a measure to protect a small group whose services are no longer priced competitively when compared to the efficiency of rentals transacted over the internet directly with condo owners.

I ask that you reconsider and strike down this Bill, and allow the flow of tourism to continue to support your beautiful State.

Sincerely,  
Peter Ingram.

Aloha Committee Members,

We write in opposition to SB 2089. We are nonresident owners of a condo in Maui since 2003. We have rented out our condo for many years and scrupulously collect and pay the TAT and GET. Last year our payments to the state for these taxes were almost \$8,000.

When we first bought our condo we used a licensed real estate broker on the island to manage our property. They charged us 40% of the gross rental income for this service. We were never entirely comfortable with this arrangement. Aside from the very high cost, we did not like the lack of control we had over who our property was rented to and the price they charged. We also could not be sure that the amount they actually rented the condo out for was correctly reported to us or that all of the

nights the condo was rented were reported to us. A former employee of the realtor told us after we stopped using the service that these concerns were justified.

We never made any money when we rented our condo through the realtor so we started renting it ourselves. On a cash basis, ignoring the depreciation expense, we now make enough profit annually to justify the wear and tear on our condo from our guests. If you pass this law and force us to use a realtor again, our profit will disappear. If we aren't able to make any money from renting out our condo, why would we bother? If we stop renting it out, the state will lose the TAT and GET taxes that we pay, and in addition, the taxes that the cleaning service we use pays on its profits.

What do you believe will happen to property values if this law passes? If potential new owners are looking at being forced to hire a property manager that will take 40% of their rental revenue, don't you think they will reduce the price they are willing to pay to buy a property? Likewise, don't you think that many existing owners whose cash flows have been severely reduced will look to sell their properties? I know that we will seriously consider that option if this law is enacted. What will further declines in property values and therefore reduced property tax receipts do to benefit the Hawaiian economy?

Finally, we aren't attorneys, but how is it fair or constitutional to have a law enacted that forces one set of onerous rules on nonresidents but not the same onerous rules on residents? This smacks of "taxation without representation".

You already have laws on the books that provide for the collection of the TAT and GET. Why are those laws harder to enforce than this new law would be? Please oppose SB 2089.

Mahalo,

Michael & Carol Hatley  
916 N. Rowell Ave.  
Manhattan Beach, CA 90266

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Peter Chiodo

Organization: Individual

E-mail: [peter.chiodo@yahoo.com](mailto:peter.chiodo@yahoo.com)

Submitted on: 2/27/2012

Comments:

I oppose this new bill as it discriminates against non-residents of Hawaii that own property there. There are other ways to obtain taxes from people who rent their homes or condos. You can verify the calendars on VRBO or homeaway.com. We have hired licensed realtors and property managers and they have ripped us off, that is why we manage our own property. We pay our taxes always on all rental income and we do not think you should cause us to pay for others to manage because of a few who may not pay their share of taxes. You are penalizing all people for a few, go after those you suspect. When we hired property managers they took extra money from our account. One time a property manager took funds of many people and left the state. We had no recourse to get our money back. Please oppose this bill as it is discriminatory against those who do not permanently reside in the state of Hawaii. Some managers charge 30% and with a monopoly with this bill, homeowners will be forced to sell their property or rent month to month, which would not change anything.

Property owners have the option of renting their property month to month for almost the same rental income so I do not know how this bill will affect any change. Please oppose, unfair bill for non-residents. Thank you

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Bruce Ahrendt

Organization: Individual

E-mail: [BandKsCondo@yahoo.com](mailto:BandKsCondo@yahoo.com)

Submitted on: 2/27/2012

Comments:

My name is Bruce Ahrendt and we currently live in Salem, Oregon. We purchased a condo to use for a vacation rental in Kona Hawaii. When we purchased we had all of the information, cash flow and costs associated with having our condo run by the local rental pool. We realized that having it run through the rental pool only guaranteed a loss on the rental.

We use a local lady that also runs several other rentals to handle all the cleaning, and local contact if/when any issues come up with our condo. I can guarantee you that the cleanliness of our condo exceeds that from the local rental pool. When we purchased the property we needed to replace numerous items that were inadequate for use. When I found the vacuum cleaner that was being used by the rental pools cleaning crew I found the bag to have never been changed. It was rotted and split wide open with the dust just being recirculated into the room. The units run by individual owners carry the pride of the owners with them. They will be maintained. Between me and my brother-in-law we're there at least twice a year to do any major maintenance that may be needed such as replacing air conditioners or doors.

We have always paid our GET and Transient Lodging taxes. Last year alone we paid over \$1300 in GET and \$3000 in TAT just on our one unit. We will also be paying Hawaii state income tax. We paid our local property manager almost \$2500 this last year. I have no problem with requiring an on island contact to handle renter's needs. That need is a given. But there is no reason what so ever to require that it be handled through Licensed Real Estate Agents or Rental Pools. If we are forced into a "Passive" status for our rental and be forced into a negative cash flow for having the rental... there is absolutely no way to keep our unit as a vacation rental.

There is no logical reason why the Management of collecting payment, scheduling, paying taxes, paying bills can't be done anywhere in the world. Virtually everything is done over the internet or phone. Even the State of Hawaii is having the property taxes collected and paid through a company in Washington State.

Rentals done by "Owners" create a whole new arena to encourage tourists to come to Hawaii. Many people do all their travel shopping though Vacation Rental by

Owner sites. This increases the flow of tourists to Hawaii. The only winners from this legislation are the few that hope to steal the rental management and decrease their competition for reservations. This is an over all loser for the State of Hawaii.

My wife is originally from Hawaii and we have plans of moving back, however this kind of action of a few that seem to be an attempt to limit free trade, just because there is an interstate aspect to the management of the property seems to be totally un-American. After all the renters we acquire are also from other states as well as from around the English Speaking world.

I have never had a complaint with my rental. In fact it's been quite the opposite with several rentals coming back to Kona year after year just to spend it in my condo.

Reviews from my renters that they have left online include:

BobF  
Denver, CO  
Great ocean-front condo

Left on 03/26/2011 for a stay in March 2011 This was the best condo experience we ever have had - and we've had a lot of them. Bruce and Karrie could not have been nicer people to work with. They really want you to have a quality experience at their condo. They think of everything. From the well-stocked kitchen, the two sets of beach towels, the snorkel gear, beach chairs, coolers, and beach mats to the two sets of towels and sheets and plenty of soap, tissues, and paper towels, there is very little they have not included. And the condo! This is definitely ocean-front with an unobstructed view of whales, dolphins and human ocean dwellers - surfers. The unit is on the third floor, which complements the view, and is so close to Kona that you can walk to any of the venues in town. Incidentally, this condo was undamaged by the recent tsunami. We liked Bongo Ben's - especially for breakfast - and Fish Hopper. Huggo's was good but pricey and Lava Java was just ok. And if you like poke as much as we do, definitely go to Da Poke Shack. Not much ambiance but great poke. Golf courses we like were Hapuna, Waikoloa Ocean and Kona Country Club Ocean. Swimming at Hapuna beach and snorkeling at Kahaluu Beach Park was fun and we also would recommend Ocean Rider Seahorse Farm, the Zip Line tour in Hawi, Mountain Thunder Coffee Plantation and, of course, a trip to volcano. It was a great two weeks and we definitely will be back to this condo.

Thank you Bruce and Karrie for making this vacation memorable.

More Details ►

Mr and Mrs P  
Evesham, UK  
Fantastic view

Left on 03/21/2011 for a stay in October 2009 My wife and I stayed at the condo for a week in October 2009. The owners were good to deal with and the condo was beautifully clean and well looked after. The view is to die for looking out at the sea and surfers. Pool and pool area are very nice and clean.

Would recommend strongly.

More Details ►

Grammy B  
Oregon  
Kona at its Best

Left on 03/19/2011 for a stay in March 2010 This oceanfront third-floor condo at Kona Reef has it all - an incredible view, quiet bedroom with a comfortable bed, free covered parking, great pool and barbecue area, and reasonable rental fee. The location is ideal for an easy walk to restaurants and shopping, a short hop to the craft market (be sure to stop by for Kona Natural Soaps!) and the farmers' market for your veggies. Families will find a wonderful spot for everyone here. You won't need to bring much of anything when you visit - it's already at the condo. When we return to Kona, we'll return to Bruce and Karrie's condo at the Kona Reef.

[More Details ▶](#)

Bob and Jan

Walnut Creek, CA.

Wonderful Hawaii vacation

Left on 03/17/2011 for a stay in January 2011 Very nice condo with great location. Watch all the ocean action from the lanai, surfers, boats, whales, dolphins, etc. Comfy rooms and located within walking distance of great shops and dining. Well stocked with things needed for a fun stay. Very nice pool with barbecue area. Had a wonderful time here and also, absolutely loved the bath towels.

[More Details ▶](#)

M&S

Kansas City

Wonderful Stay

Left on 03/17/2011 for a stay in August 2010 We thoroughly enjoyed our recent stay at Kona Reef. The best thing about Kona Reef is the location. It is close to the Kona airport (KOA) and even closer to the Kailua shops and restaurants. This particular condo faced the ocean and was well equipped. We ate our breakfast on the lanai each morning to the sight and sound of the ocean. Added bonuses were the provided cooler, beach chairs, beach towels, and snorkel gear. The adjacent beach was nice although it is not for the casual swimmer due to strong surf. However, there are many other beach choices within a short drive.

Kona Lovers

Mansfield, Tx.

Kona Lovers

Left on 03/16/2011 for a stay in December 2010 We had a wonderful time in this unit at the Kona Reef..with many relatives residing in Kona, this is the perfect location...The condo was very clean and supplied with everything that we would need for the 10 days we were there...The view is outstanding, and everybit as beautiful as the pictures portrayed...We would definitely recommend this condo to anyone visiting Kona..we will be returning..!!! ...Love Bongo Bens for breakfast, and can't beat Kona Inn or Huggos for sunset!!

[More Details ▶](#)

Nancy

Madison, WI

Great Kona condo

Left on 03/15/2011 for a stay in March 2011 We loved our time at this condo. The grounds are immaculate with flowers everywhere. Great pool and deck area where you can grill food. Condo has everything you can think of - most useful were the clothes washer and dryer. We loved sitting on the lanai and watching the surfers. Saw whales, spinner dolphins and many turtles. Condo is close to town and within walking distance of many restaurants and shops. We will be back!

More Details ►

ocean view lover

Berthoud, CO

ocean view get-away

Left on 12/22/2010 for a stay in December 2010 This is the second time we have stayed at this condo. The ocean is just off the lanai where we could watch the surfers and listen to the waves. The condo is conveniently located for sightseeing and right next to a sand beach. The weather in this area of the island is ideal. Great restaurants and shopping are within walking distance. We watched the sunsets every night over the ocean. The bed is very comfortable and the condo supplied with all of the extras we would need to enjoy our stay including a cooler, beach chairs and umbrella. We thoroughly enjoyed our stay here and highly recommend this condo for a wonderful, relaxing vacation.

5/5

Wonderful Oceanfront Property

Guest: wtraveler (Erie, MI )

Date of Stay: 01/22/12 Review Submitted: 02/24/12 The pictures are a true reflection of this condo, everything is as you see. The views from the large lanai cannot be beat. Your able to view whales, dolphins, turtles as well as the local surfers. In walking distance to Kona's famous waterfront with lots of restaurants and shopping, many restaurants with the beautiful views as well, there is all price ranges to choose from. We rented this property for three weeks and it worked very well for us. I'm sure it would as well for shorter stays. The washer and dryer within unit is a great plus for extended stays like ours. Recommended for: Romantic getaway, tourists without a car, sightseeing, adventure seekers, girls getaway, age 55+, families with teenagers.

Did you find this review helpful? Yes | No Helpful votes: 0/0

5/5

Paradise from the balcony

Guest: R & K (Vancouver B.C. Canada) Date of Stay: 01/09/12 Review Submitted: 01/26/12 Hi, this is the perfect place for a romantic and restful getaway! The condo is well kept and stocked with everything you need to exist from cooking to laundry facilities. The highlight though, is the balcony. You are on the second floor just 20 feet from the oceanside where the waves role in, the turtles sun on the rocks and you can see porpoises and the occassional whale through the binos. We spent every morning having coffee watching the day arrive and just about every evening watching the day close out with a beautiful sunset in the eastern sky. It's about a 7 minute walk to the south end of the tourist area along Alii Drive where there is an abundance of restaurants, shops, etc. In the bigger picture, you are well situated to explore the northern, southern and central island by car. The complex is on the smaller side so it is quiet and the other tenants were friendly. The pool looked a little smaller than usual but we were having such a good time with other things that we never bothered with any pool time. All in

all, I don't know what could be added to make this place any better - a great location and friendly, courteous owners. We'd definately stay here again, mahalo, R & K.

Recommended for: Romantic getaway, sightseeing, adventure seekers, age 55+.

Did you find this review helpful? Yes | No Helpful votes: 0/0

5/5

Sunsets from the lanai

Guest: Dan , Suzanne, and Truly (Seattle, WA) Date of Stay: 04/18/11 Review Submitted: 04/30/11 My Family and I were very pleased with this condo. I couldnt wait to get up and have coffee out on the lanai every morning. And I think we watched just about every sunset during our 7 day vacation from the same spot. I am so happy we chose to stay in a ocean front unit. The location is great. We walked into Kailua Kona town often. We saw a great outdoor concert at the Royal Kona. Ate quite a few meals in town, but also enjoyed eating at the condo. The kitchen is very well stocked with everything you need to cook a nice meal. We got our groceries about a mile up the hill at a nice Safeway store. The condo is stocked with some handy things you dont always think about till you need them. We used the cooler to bring lunches on our day trips. My wife was happy to find a hair dryer in the bathroom. Lots of beach towels, and snorkel gear. I did rent some snorkel gear because I needed large fins, but Snorkel Bobs is just a short walk down the street. The pool and hot tub are excellent. Always clean and never seemed to be crowded. In fact I was very impressed with how clean the whole complex is kept. I looked at a lot of pictures before booking and I felt like it was better than the pictures showed. A really beautiful complex.

Recommended for: Romantic getaway, tourists without a car, sightseeing, age 55+, families with teenagers.

Did you find this review helpful? Yes | No Helpful votes: 0/0

5/5

Great Ocean-front condo!

Guest: BobF (Denver, CO)

Date of Stay: 03/08/11 Review Submitted: 03/24/11 This was the best condo rental experience we ever have had - and we've had a lot of them! First, Bruce and Karrie could not have been any nicer people to work with. They really want you to have a quality experience at their condo. They think of everything. From the well-stocked kitchen, the two sets of beach towels, the snorkel gear, beach chairs, coolers, and beach mats to the two sets of towels, sheets and plenty of soap, tissues and paper towels, there is very little they have not included. And the condo! This is definitely ocean-front with an unobstructed view of whales, dolphins, and human ocean dwellers - surfers. The unit is on the third floor, which complements the view, and is so close to Kona that you can easily walk to any venue in town. We liked Bongo Ben's - especially for breakfast - and Fish Hopper. Huggo's was good but pricey and Lava Java was just ok. And, if you like Poke as much as we do, definitely go to Da Poke Shack. No ambiance but great Poke. As Bruce said, we got the full experience during our two weeks - an earthquake, tsunami (no damage to the condo) and volcano eruption. However, we also had a lot of fun activities. Golf was good especially at Hapuna, Waikoloa Ocean and Kona Country Club Ocean courses. Snorkeling was really good at Kahaluu Beach Park and swimming was great at gorgeous Hapuna Beach. Also would recommend Ocean Rider Seahorse Farm (you get to hold a seahorse), Mountain Thunder Coffee Plantation, Zip line tour at Hawi and, of course the volcano. It was a great two weeks and we definitely will be back to this condo. Thank you Bruce and Karrie for making this vacation memorable.

Owner response:During the first few days of their stay, the volcano was erupting, there was a 4.6 magnitude earthquake somewhere on the island, and they got evacuated for a night due to the tsunami and got to endure the cleanup aftermath of that (luckily our condo was high and dry on the 3rd floor). And they still had a great time! Sounds more like a testimonial to the type of renters we have staying at our place!

Recommended for:Romantic getaway, tourists without a car, sightseeing, adventure seekers, girls getaway, age 55+, families with young children, families with teenagers.

Did you find this review helpful? Yes | No Helpful votes: 0/0  
5/5

Wonderful condo in Kona

Guest: Anonymous

Date of Stay: 03/01/11 Review Submitted: 03/08/11 We loved our time at this condo. The grounds are immaculate with flowers everywhere. Great pool and deck area where you can grill food. Condo has everything you can think of - most useful were the clothes washer and dryer. We loved sitting on the lanai and watching the surfers. Saw whales, spinner dolphins and many turtles. Condo is close to town and within walking distance of many restaurants and shops. We will be back!

Recommended for:Romantic getaway, tourists without a car, sightseeing, age 55+, families with young children.

Did you find this review helpful? Yes | No Helpful votes: 0/0  
5/5

Wonderful Hawaii vacation

Guest: Bob and Jan (Walnut Creek, CA.)

Date of Stay: 01/04/11 Review Submitted: 01/25/11 Excellent condo, right on the beach with a great view to watch all the ocean action. We would have been totally happy to spend all our time on the lanai just relaxing. Well decorated, comfy, and very well stocked with the things needed for any activity. We would recommend this condo to anyone who wanted an enjoyable stay in Kona. Also, it is in walking distance of some fantastic shops and restaurants. We will definitely use it again. One more thing. My wife absolutely loved the bath towels.

Recommended for:Romantic getaway, tourists without a car, sightseeing, adventure seekers, girls getaway, age 55+.

Did you find this review helpful? Yes | No Helpful votes: 0/0  
5/5

Christmas 2010

Guest: Kona Lovers (Mansfield, Texas)

Date of Stay: 12/21/10 Review Submitted: 01/02/11 We had a wonderful time in this unit at the Kona Reef..with many relatives residing in Kona, this is the perfect location...The condo was very clean and supplied with everything that we would need for the 10 days we were there...The view is outstanding, and everybit as beautiful as the pictures portrayed...We would definitely recommend this condo to anyone visiting Kona..we will be returning..!!! ...Love Bongo Bens for breakfast, and can't beat Kona Inn or Huggos for sunset!!

Recommended for:Tourists without a car, sightseeing, age 55+, families with young children, families with teenagers.

Did you find this review helpful? Yes | No Helpful votes: 0/0  
5/5

Great place to stay



Guest: Judie (Washington Depot, Connecticut) Date of Stay: 11/06/10 Review Submitted: 11/21/10 We loved our stay at this condo. It was wonderful to listen to the surf all day long and experience the sunsets in the evening. The condo was clean, comfortable, and everything it claimed to be. We plan to return.

Recommended for: Adventure seekers, age 55+.

Did you find this review helpful? Yes | No Helpful votes: 0/0

5/5

Nice Getaway

Guest: Jcleno (Camas, WA)

Date of Stay: 09/11/10 Review Submitted: 09/22/10 The Condo was very nice and we enjoyed the use of the extras, especially the beach gear and the binoculars.

Recommended for: Romantic getaway, age 55+.

Did you find this review helpful? Yes | No Helpful votes: 0/0

5/5

A-26 Kona Reef

Guest: Joyce14 (Petaluma, California)

Date of Stay: 09/01/10 Review Submitted: 09/17/10 This condo was a perfect location and size for our family of 4. Oceanfront, with local surfers entertaining us all day. Kona was a ten minute pleasant walk. The pool and BBQ area were very nice and also oceanfront. The location of the condo is within 30 minutes of beautiful beaches and snorkeling areas. We will definitely return.

Recommended for: Tourists without a car, sightseeing, age 55+, families with young children, families with teenagers.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Dr. Bob Cavin

Organization: Individual

E-mail: [bcavin@mimosalane.org](mailto:bcavin@mimosalane.org)

Submitted on: 2/27/2012

Comments:

I have stayed in private condos on the Big Island and on Maui and received great service from the property owners. The condos were in great condition, and I was charged tax.

I am absolutely OPPOSED to SB2089!

February 27, 2012

It is with considerable dismay that I offer my testimony. My name is Linda Silvera. I am a resident of the state of California and a very frequent visitor to the great state of Hawaii.

Hello,

I recently was informed about SB2089 and the provision in the bill to make it mandatory that owners of rental properties that live out of state would have to hire property managers approved by the real estate commission. I am not convinced there is a need for this added regulation. I recently visited Hawaii and stayed in a rental on both Maui and the big island. We had great experiences with both rentals. The rental we stayed at in Maui was a timeshare rental that a friend has. The vacation rental that we stayed at on the big island was a wonderful condo that was perfectly maintained even though the owners lived out of state. The owners of the rental property (John and Trisha Gablehouse)

were extremely communicative and made us feel confident that if we needed anything, they would make sure it happened. They also gave us the contact info for the property manager on site who could help us if needed. I did call and speak with him on the phone because we had trouble with our key (the door wouldn't open). But as I was speaking with him, the problem was solved and the door opened. Whenever we needed anything, the owner of the rental was easy to reach by phone or email and was extremely fast and responsive to our requests. They could not have handled the rental any better than they did. It was all very professional, easy and reasonably priced. They charged us all applicable taxes and fees and had an official contract that we signed before paying them for the rental.

My concern is that with an added regulation caused by this bill, that the cost of staying in a vacation rental would increase because you are mandating that follow more regulations (like having to hire an additional property manager since I don't know if the current one approved on your list). This was my first trip to Hawaii and without the vacation rentals offered at very reasonable prices, my husband and I couldn't have afforded this trip. Due to the great experience we had at this rental property, we are planning to come back and enjoy all the amazing restaurants, snorkeling, national parks, birding, etc. We are strong advocates of private rentals as they make a vacation more comfortable and affordable. Please do whatever you can to assist owners of properties to continue renting visitors to your amazing state. John and Trisha Gablehouse were amazing representatives of the vacation rental process in Hawaii and I encourage you to listen to their input as they are doing a great service to Hawaii by making it easier for people to vacation in Hawaii.

Thank you for your time.

Sincerely,  
Amanda Moors  
928-200-0544

2/27/2012

To Whom It May Concern:

I have stayed in Trisha and John Gablehouse's Kolea Penthouse on the Big Island. This was absolutely the best vacation rental I have ever stayed in. It was clean, fully functional, well stocked and maintained perfectly. Trisha was amazing to work with. All questions answered very quickly & with much Aloha. This will be my vacation spot each year! I did pay taxes for my stay as well.

Please do not take away Trisha's ability to manage this property. They do a fabulous job and you would be taking away my Hawaiian vacation home if they no longer owned/managed it. I don't feel I would enjoy it nearly as much dealing with some large organization that doesn't care about you like Trisha does.

Thank you very much,

Glenda Madill  
18927 SE 260<sup>th</sup> St  
Covington, WA 98042  
206-605-5176

Distinguished Senators,

I am writing to express my strong opposition to SB 2089. I am very concerned that passage of this bill would result in my inability to retain my property that my husband and I worked years to acquire.

We purchased a condo on Maui in December 2010 for over half a million dollars. We invested nearly \$150,000 California earned dollars as a downpayment into this Maui investment as it is our dream to eventually make Maui our home. In the meantime, we are managing our own rental on VRBO and take great pride in sharing our condo with guests who we screen and communicate with regularly. In the past year, we have earned a 5 star (highest) rating on VRBO and received numerous reviews commenting on our excellent customer service, attention to detail, and immediate response to any issue.

We, as the majority of owner-managed units, take great care and concern to follow the laws and pay our taxes. We filed for and received a license before renting our unit and we pay our GE and TA taxes as well as the higher property tax rates as a short term rental property. Through our investment, we annually generate thousands of dollars of taxes for the state of Hawaii and are happy to do so.

If this proposed law had been in effect, we would never have purchased a property on Maui. I do not want a property management company who manages numerous rentals to manage my property. I want to know (and decide) to whom I rent my unit to and be in regular contact with my guests. I have an excellent on island manager who is on call for my guests 24/7. I also 1099 this individual.

It is disconcerting that the real estate/management companies are claiming we do not pay taxes or run effective or legitimate businesses. Certainly, there are those, both on-island and off, who rent and do not follow the rules. I doubt this legislation would do anything to find those and instead only harm those of us who are doing the right thing.

Although I question the legality of this bill (I do not believe it is legal to mandate what I do with my personal property), if passed, I would NOT continue to rent my unit short term. Not only could I not afford to do so, I would not allow my unit to be turned over to others. I would attempt to rent my unit long term and hope I can manage to cover my costs and not lose my property. Obviously, this would not help increase the state of Hawaii tax coffers, but instead would decrease it.

I thank you for your careful consideration. With aloha,

Mary Gross  
California

Please do not vote for SB 2089. This bill will kill tourism and result in lower revenue for the state.

Don't let a few special interest groups influence your state.

Sincerely,

Ericka Dennis  
A frequent Hawaii Traveler

Don McArthur  
11081 Sir Barton Lane  
South Jordan, UT 84095  
Cell: 801 550-5525  
[drmmca@msn.com](mailto:drmmca@msn.com)

February 14, 2012

State Legislature  
State of Hawaii

Re: H.B. 1707 and SB 2089 Relating to Transient Accommodations

I respectfully request that you NOT pass this bill. The provisions are not only detrimental and unfair to property owners but it will harm the tourist industry of Hawaii as well.

I have owned three condos on the Big Island over the past 15 years and over the years have used three different property managers to rent our condos. They charged from 30% to over 50% for their services and were mediocre in their performance and, while they collected their fee, I ended up not having enough money to cover the operating costs, even though I had no mortgage payments to make. In order to try and "break even" on the costs to maintain the HOA, utility and property tax expenses I resorted to renting on my own using VRBO. It is a lot of work and time consuming but last year I was successful in covering costs, including the excise and transient taxes, and eked out enough to cover out of pocket costs, but not enough to cover the wear and tear.

I have learned that, as an owner I try harder and work "smarter" than any of the property managers I used. And in this dour economy, especially in the tourist industry in Hawaii, it takes that kind of vested interest to produce reasonable results.

I have always paid my Hawaii excise and transient taxes, even submitting quarterly when semi-annual would suffice. The excessive increases in the Transient taxes have been onerous enough to handle, but with this added burden proposed by this bill, it makes being in the tourist rental business questionable.

At a minimum you should exempt property owners, like me, who have complied with existing tax regulations and have paid the tourist income taxes. Impose penalties on those who fail to comply but do not penalize those who do and who have, over the years, built a successful

following of guests who repeat occupancy from year to year and who have developed a successful method of marketing our condos (and Hawaii in the process).

Finally, I cannot believe that the State of Hawaii would consider adopting legislation that is so discriminatory. How can you, in good faith, consider imposing the burden of this bill on just nonresident owners and not all everyone who owns property that is rented to tourists?

This entire process smacks of "self-serving conflict of interest" from realtors and property managers who stand to benefit from the proposed legislation. Their biased testimonies only tell half the story at the expense of those of us who have tried diligently to comply with current tax regulation and have struggled with a financial burden of ponderous proportion.

We have loved Hawaii for years, and spent five out of the last eleven years living in Hawaii but this proposed legislation leaves a bad taste in my mouth.

To summarize:

- I believe enforcement of the GE and TAT taxes is the issue, **not a law that requires us to hire a realtor**. (The crime shouldn't be not hiring a realtor but rather not paying ones taxes.)
- I also feel that the law being applicable to only "non-resident" owners is unequal enforcement - all owners who rent should be forced to comply regardless of where the owner resides since the objective of the law is tax compliance. Tax compliance is the responsibility of all owners who rent, not just owners who are "non-residents."
- Please do not penalize us who have complied in the past. At a minimum, property owners who already comply with the payment of taxes should be "grandfathered" in with an exemption and allowed to continue to manage their own property.

Sincerely yours,

Don McArthur

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Barbara Clegg  
Organization: Individual  
E-mail: [bjclegg@surewest.net](mailto:bjclegg@surewest.net)  
Submitted on: 2/27/2012

Comments:

I have dealt with both real estate professionals and out-of-state owners when renting condos in Hawaii. Both were very professional but found the owners were much more caring and the properties in better condition. Please allow out of state owners to continue managing their own properties.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Donna McArthur  
Organization: Individual  
E-mail: [donna@mcarthurhomes.com](mailto:donna@mcarthurhomes.com)  
Submitted on: 2/27/2012

Comments:

I'm so sad to see this attack on responsible people, like us, who have collected and paid to the State every excise and transient tax required. We barely collect enough to cover our costs - and do a very good job at finding renters - but this bill would tip the scales further away from a break-even. Please do not pass this unfair and biased bill.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Shane McWhorter  
Organization:  
E-mail: [propaneshane@aol.com](mailto:propaneshane@aol.com)  
Submitted on: 2/27/2012

Comments:

Negative impacts of this bill are as follow: agents could charge what ever they wanted in fees, increased rental cost to consumer creating less demand and less revenue for the state, possible foreclosures on properties, owner of property loses control of who they will rent to. The only winners are the agents. Please do not pass SB2089.this an unfair bill.

**Millard and Shirley Blancaflor  
26518 Avenida Veronica  
Mission Viejo, CA 92691  
949.586-5312**

February 25,2012

State Senate  
415 Beretania Street  
Hawaii State Capitol  
Honolulu, HI 96813

RE: SB No. 2089

Dear Senator

My wife and I are now retired. We purchased our condo in 1986 and have paid all the TA and GE taxes through the on-site property manager until 2004. During this time, the property manager charged us 41% for managing and renting our condo. For 18 years our yearly net income from the condo was always in the negative.

Having paid off our loan, withdrawing from the rental pool, and managing/renting the condo ourselves, we now have a slight profit margin. We are responsible taxpayers and have always paid them on time. We had planned to keep this condo investment because it is now "penciling out" and bequest it to our heirs.

If you vote for SB 2089 and it passes, we will be forced to sell our condo. Paying 25%-40% commission to an agent for management/rental fee will revert back to the earlier years. It will take away our slim profit and most likely result in the negative again. We just cannot afford it based on our retired incomes.

My wife, myself and our children love Hawaii! We brought our two grandsons for the first time to Hawaii two years ago and they absolutely loved it! We hope to continue this wonderful family tradition at our condo.

Hopefully you will vote *against* this Senate Bill. Mahalo

Sincerely,

Millard and Shirley Blancaflor

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Alisa Bonsignore

Organization: Individual

E-mail: [alisa@bonsignore.com](mailto:alisa@bonsignore.com)

Submitted on: 2/27/2012

Comments:

In the past 13 years, I've visited Hawaii 8 times for a total of 16 weeks spent in your beautiful state. Twice I've stayed in hotels, three times in utterly mediocre local/corporate managed condos, and the past five times I've stayed in privately owned condos that are owned and managed by conscientious owners from Arizona, California, Oregon and Washington. I've found that the condos that are privately owned and managed by mainlanders are impeccably maintained, managed, appointed and stocked with every amenity that a traveler could possibly want or need, and owners who are responsive via email or phone if questions or issues arise. Look, let's face it: Hawaii is expensive, and the occupancy taxes that are levied by the state aren't cheap to begin with. Adding in a management fee (a fee

that the owner would no doubt have to pass along to us, in one way or another) would have made some of our vacations absolutely cost-prohibitive and would have kept our tourist dollars on the mainland. I ask that you please eliminate the local management provision and allow these conscientious owners to do what they do best. Thank you for listening.

I am writing to join my voice to those opposing Hawaii's SB2089 with regard to vacation rentals. I have been fortunate to visit Hawaii several times and have stayed in hotels and three times in condos that were rented directly from the owners. Although the owners I rented from are not Hawaii residents, renting from them was absolutely seamless. The owners were in touch with me via email and telephone before I left my home in California and also while I was there in Hawaii. In addition, they had two local people, one at the condo office, for me to contact in the event of any issues or problems (there were none). The condos were beautifully maintained and very well supplied. I have recommended to several friends that they rent condos from both of the owners that I have rented from in the past. One of the nicest things is being able to talk directly to the owner, who knows the area well and who is very interested in giving guests a good experience. Both owners followed up with me after I returned to be sure that I was happy. I would rent from both of these owners again without hesitation and would be very unhappy to see a change in the system that would force renters to work through realtors, who are often too busy to respond to renters and who do not have the same incentive to make a renters' experience a happy one.

I hope that the Senate reconsiders this bill in light of the potential negative effect for those of us who have rented condos directly through owners. Speaking for myself, having to work through a realtor would make me seriously reconsider whether or not I would rent a condo in Hawaii as a vacation option. This makes me very sad as I am in the midst of trying to convince a group of 20 families to rent condos next summer for a group vacation! I would be reluctant to be the one recommending/pushing Hawaii condos if I cannot be sure of a good experience and we would likely shift our venue for that reason.

Thank you for your consideration of these comments.

Anne M. Payne  
San Francisco, California

I am writing in opposition to SB2089 and urging you to vote NO on SB2089.

There are many questions that should be answered before passing a bill that would adversely affect honest taxpaying vacation property owners because of a few owners who are evading their taxes.

But collecting taxes isn't the real reason for this bill, but is just a smoke screen.

SB2089 was proposed by property management companies and realtors not for the purpose of collecting taxes, but to increase their business for their own financial gain.



If this bill passes the property management companies and realtors will collect between 20-40% of the rental profits for .

It will force many property owners to have to sell their rental property due lost profits. The need to sell will only put more profit into the hands of the realtors.

What evidence has been provided to back up the loss of tax revenues? Has there been an investigation in to the data the proponents of this bill have provided? If not, why not? Or is this data just being taken as fact?

I propose that an investigation committee of individuals be formed to investigate these issues.

Do we know what vacation rental owners are evading their taxes? If not, why not? If collecting the taxes is the real issue, why not track those in non-compliance and collect the taxes owed?

I've also attached an attorney letter representing the HVROA in opposition to SB2089

As a tax paying vacation property owner I ask you to closely examine the facts before blindly passing a bill that will only profit the management companies and realtors and adversely affect all of Hawaii tourism.

Mahalo

February 27, 2012

To Whom It May Concern:

My family and I have rented condominiums on three separate occasions in Hawaii (2006, 2010, and 2011). We have been very pleased with the rentals and the ease in which all of the out-of-town owners have made our booking and stay as wonderful as possible. I completely disagree with this bill as you may be punishing the majority for a small minority. I have nothing but wonderful things to say about all three rentals and the hard work the owners put forth in maintaining their units.

Because of these owners, I will always rent by owner if possible. I am so happy with my experience that I have decided to rent a condominium in London, England by owner too. I see no reason to go through a central booking agent that can make things more bureaucratic and cause more problems for the client than access to the actual owner or their local contact. In all three rentals I was furnished with the name and number of someone to call locally should the need arise.

Thank you for your time and I hope you take my view into consideration.

Regards,

Dr. Michelle K. McHugh  
2232 Shakespeare Street  
Houston, TX 77030

Nancie Fay  
3823 Lower Honoapi'ilani Road, Unit 114  
Lahaina, Maui HI 96791

February 25, 2012

RE: SB 2089

To the Esteemed Hawaii Legislature:

I am appalled at the contents of SB 2089. We property owners already operate on a very narrow margin – generally in the red! I do not make money on my rental unit. I struggle to make ends meet. At this point, the State of Hawaii makes more on my unit (in GE and TAT taxes) than I do... so why throw one more obstacle in our way? The requirement to add a realtor into the mix will cause even more economic hardship on owners than we can already bear. Aren't there already enough distressed properties in Hawaii? We are just one senate bill away from increasing that number. Every property that goes into foreclosure, is one less property that generates income – for the state.

With the current economic conditions in Maui, why would anyone want to *inhibit* incoming tourism any more than it is by our already shaky economic times? By renting my condominium to travelers from the mainland, Canada, and points beyond, I am contributing to the economy of this precious island. I may not live on island, but I do promote a LOT of local business, and help bring money into the state. So WHY would you penalize me by requiring an additional expense on my property?! Requiring the addition of one more 'middleman' in the process, will necessitate part of that expense be passed along to the travelling public. Prices go up, and rentals go DOWN – and we'll all suffer: owners and local economy as well, not to mention the State of Hawaii, in reduced income from taxes.

Additionally, the failure of HB1707 should demonstrate to you the illegality of this bill.

In conclusion, with existing tax laws in place for the collection of taxes, please exercise your current authority to use that avenue to generate income, and do NOT penalize those of us who are already paying our (more than) fair share of taxes.

Most sincerely,  
Nancie Fay

P.S. Here is a thought: chase down those that owe the state taxes, and after collecting those taxes (and penalties) from them, impose the use of a realtor on THEM for a stated amount of time to guarantee that taxes continue to be paid.

We have rented a number of units in Hawaii over the last few years. Some units were rented through management companies and some through the actual owners. In all instances the rentals from owners were by far the most efficient and convenient for us. We are strongly opposed to making all vacation rentals managed only by Realtors and Property Managers. The following are only some of the reasons: Management companies could not be contacted outside of business hours or on holidays and weekends. Owners were virtually available 24/7. When we rented from management companies we were not guaranteed a specific unit. This is very important to us when we rent. The privately owned units were kept in top shape ,(or if they aren't, a renter can usually check the quality of the unit before renting by reading previous renters comments on the net). If you don't know which unit you are going to be assigned it is not possible to do this type of a check. We have found a major problem in renting units that are privately owned but managed by companies because each unit in the complex has different degrees of improvements and upgrades. Sometimes we have been assigned to units that were not of the standard that much of the rest of the complex was. We were not happy vacationers. Just because a management company is renting the unit doesn't necessarily mean that the privately-owned units will be upgraded any more frequently. In all cases we paid the same taxes for both types of rentals.

Testimony re Measure Ref SB2089

27<sup>TH</sup> February,2012-02-27

Dear Sirs/Madam,

I am submitting my opposition to the measure which seeks to prevent private condominium/house owners etc from dealing directly with the public.

I have successfully rented accommodation in the Hawaiian Islands and found communication and service with the owners to be first class and without fault.

Therefore see no reason to force me(a customer) to have to use a third party(eg Agency) to make bookings.

William Partis

I am writing in strong opposition to SB2089. I am currently vacationing in Kauai for two weeks and have secured my accommodations through VRBO. I have used this site before and have been extremely happy with the units and service provided directly from the owners.

Each time we rented we paid taxes on the unit. Additionally, it is my understanding that this bill would require owners to use a realtor or property management company to manage the rentals. This would likely result in higher rental cost to me, the consumer. If that is the case we would likely look to vacation in Mexico or Central America. We spend a lot of money on the Islands of Hawaii and would like to continue supporting the local economy. This Bill is just bad policy and will have vacationers going elsewhere.

Thank You.

Kevin and Tracy Farrell  
Olympia, Washington

Ladies and Gentlemen

Feb 27, 2012

I encourage you to vote NO for Senate Bill 2089. My name is Robert Dudley and I am the owner of Kuhio Shores 204, Koloa, Kauai. Last year our condo contributed approximately \$8000.00 in Transient Accommodation and General Excise taxes. The previous year the condo was a bank owned property which contributed nothing in taxes. If we are forced to use real estate brokers, the entire economics of our condo purchase will be turned upside-down. The additional burden of fees may force us to stop renting the condo. I have used brokers in the past and no one promotes, or takes care of my condo as well as I do.

The unintended consequences of this bill are far reaching. Every nonresident owner who rents property will now have increased expenses sprung upon them without warning. Thousands of your best promoters of tourism will be burdened with finding and paying for an unnecessary complication in the rental process. At a time when tourists are finally returning to the Islands, don't throw a wrench in the gears.

If you need another enforcement tool pass a law which requires the TAT License number to be listed on any rental advertisement. This will give the Hawaii Tax Collector the ability to track the rental property.

Thank You  
Robert Dudley  
Salt Lake City, UT

I'm writing to oppose bills HB1707 and SB2089. I just purchased a condo in Maui this past Dec/Jan, had I known about these two measures I WOULD NOT have purchased in Hawaii. These two measures take away all Owner's control of their investment making it impossible to protect your investment. I thought the price was right, now I'm questioning my decision.

If these measures pass it will be a financial disaster for not only owners but also the State of Hawaii. The cost of paying a Realtor 20-25% to manage a single unit is horrendous. These costs will have to be passed on to the future renters as Owner's cannot survive these added costs without raising the rental rates. I did my research and priced my unit at a competitive rate but yet I have been surprised that I have had very few takers. Another indication of the economy and its impact on Hawaii tourism. Adding these added fees and the rental rate will drop dramatically impacting both the Owner and the State.

If these two measures pass the Owner will have no protection over your investment. When we bought two local businessmen in our condo area strongly told us DO NOT hire a Realtor/Property Manager as they will just take your money and keep most rent revenue for themselves. That is what we were told not once but twice from local Business people. I realize that Realtors have been greatly impacted by the current economy, but this is not the answer. It appears that there must be a current problem between Owners and Property Managers or we would not have been informed by local business people that there was a problem. If this is an issue of collecting the taxes on condo/rentals then that needs to be corrected but not through a third party managing properties.

These two measures will bring down the Owners and the tourism of Hawaii. Hawaii would then be priced out of the market. Should that happen the condo value will fall even further and cause more foreclosures. Less rental income means less

jobs throughout the State. Combined it would be a financial disaster for the State of Hawaii.

I can't think of one investment that the Owner of that investment does not have control of the day to day operations. These two measures take any and all day to day control of the condo/rental property owner's rights out of their hands and into someone we don't even know nor trust. Can the State of Hawaii do this legally? Doesn't that discriminate non residence from residence in the same business?

Prior to purchasing in Hawaii we went to Mexico every year and Hawaii once every 5 years mainly due to the extra costs to Hawaii. Mexico is your competition. With these measures Mexico, which is cheaper, will have less competition from Hawaii. Again reducing the tourism which is a loss of revenues, jobs and effects all of Hawaii.

Please do not take my rights as Owner away from me and DO NOT pass HB 1707 & SB 2089.

Sincerely,

Kenneth Hawk

Distinguished Senators,

I am writing to express my strong opposition to SB 2089. I am very concerned that passage of this bill would result in my inability to retain my property that my husband and I worked years to acquire.

We purchased a condo on Maui in December 2010 for over half a million dollars. We invested nearly \$150,000 California earned dollars as a downpayment into this Maui investment as it is our dream to eventually make Maui our home. In the meantime, we are managing our own rental on VRBO and take great pride in sharing our condo with guests who we screen and communicate with regularly. In the past year, we have earned a 5 star (highest) rating on VRBO and received numerous reviews commenting on our excellent customer service, attention to detail, and immediate response to any issue.

We, as the majority of owner-managed units, take great care and concern to follow the laws and pay our taxes. We filed for and received a license before renting our unit and we pay our GE and TA taxes as well as the higher property tax rates as a short term rental property. Through our investment, we annually generate thousands of dollars of taxes for the state of Hawaii and are happy to do so.

If this proposed law had been in effect, we would never have purchased a property on Maui. I do not want a property management company who manages numerous rentals to manage my property. I want to know (and decide) to whom I rent my unit to and be in regular contact with my guests. I have an excellent on island manager who is on call for my guests 24/7. I also love this individual.

It is disconcerting that the real estate/management companies are claiming we do not pay taxes or run effective or legitimate businesses. Certainly, there are

those, both on-island and off, who rent and do not follow the rules. I doubt this legislation would do anything to find those and instead only harm those of us who are doing the right thing.

Although I question the legality of this bill (I do not believe it is legal to mandate what I do with my personal property), if passed, I would NOT continue to rent my unit short term. Not only could I not afford to do so, I would not allow my unit to be turned over to others. I would attempt to rent my unit long term and hope I can manage to cover my costs and not lose my property. Obviously, this would not help increase the state of Hawaii tax coffers, but instead would decrease it.

I thank you for your careful consideration. With aloha,

Mary Gross  
California

To Whom it May Concern,

We rented a condo on Kauai for our honeymoon 5 years ago. We rented directly from the owners and had a wonderful experience. However, had the cost been 20 - 45% higher we would either have explored staying in a hotel on the island or finding an alternative destination entirely.

I oppose SB 2089.

Sincerely,  
Colleen Murphy  
Chicago, IL

I have rented several Hawaii vacation properties from private nonresident property owners in the past and have ALWAYS been charged tax as well as the nightly fee. It is not right to force the owners to use a property manager. This will discourage tourism because the costs will need to be passed on to visitors. I have had wonderful experiences with privately managed rentals. Do not pass this bill, please!

Sent from Bonnie's iPhone

Please vote against SB2089 – Please submit this document as testimony.

Dear Senators,

My wife and I purchased a second home in Hawaii 5 years ago. The worst time we could possibly buy. The condo has lost over 30% of its value, and many like us have seen the upside in just walking away. My wife and I are not those people.

If we were able to rent our vacation home 100% of the time, it would still not cover our costs, never mind that fact that it cannot be profitable for us. However... we love Hawaii. The rentals we are able to book, help offset a portion of our monthly outlay in mortgage, HOA fee's, Electricity, cable etc. The current bill introduce into the legislature to force off island owners to go to a third party to collect rent and pay taxes is ridiculous. At 30-45% fee's I can no longer afford to keep this second

home. Choices are to walk away or sell it in a fire sale. Can Hawaii real-estate really survive further plummeting prices?

I have never heard of any local government or government agency requiring a citizen to use a third party to provide services he can do himself (unless there is some safety issue). Will the US government next require me to do my taxes with H&R Block?

I collect taxes and pay them quarterly. I have an on island licensed representative that is there to assist my guests when I can't do it from here. There are currently laws that require owners to collect and pay taxes. Enforce them. Bending to the financial gains of a small group of property managers is truly amazing. Can Hawaii afford further reduction in tourism? The airlines are already doing a great job of throttling guest's ability to come to the islands. Forcing guests to use the services (and additional costs) of a full time property manager will further help erode any gains sought out by these bills.

I believe property managers are an important tool for many property owners. These property owners see the value that the managers bring, and don't mind paying for it. Imagine property managers now in the position to be at the feeding end of owners required to use them. Will they be competitive? Will they continue to be held to a certain level of execution? Your reply maybe to say "They will compete against each other and that will correct the market". That has a very limited effect when it a lot of work to change property managers. If we could do it on a quarterly basis, then maybe. But I have talked to many property owners who are unhappy with their managers and are afraid to change since they don't really know if the service will be any better with another provider. This is not a good bill for Hawaii. Please vote against it.

Mahalo,

Gordon Hasenbein

San Clemente CA 92673

I am writing to urge you to reject SB 2089. I am a frequent visitor to Hawaii (twice per year on average) and I usually rent condos, often through vrbo.com. I have had good experiences and have always paid taxes. I also contribute a fair amount to the local economy. I have no desire to have the government require me to incur additional cost and hassle of dealing with realtors or property managers - I can do that already if I wish. If you make my trips more expensive and/or complicated I may simply stop coming.

Dale Lehman

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Katherine

Organization: Individual

E-mail: [alohakat86@gmail.com](mailto:alohakat86@gmail.com)

Submitted on: 2/27/2012

Comments:

Hi, i am a frequent visitor to the Hawaiian islands. I always use VRBO and am very happy with it. They always take great care of me and treated great. Ive had

experiences with property management companies and always unhappy. If this law were to pass i believe i wouldnt be able to afford to vacation to your state and the quality would deminish. Thank you for your time.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Katherine  
Organization: Individual  
E-mail: [alohakat86@gmail.com](mailto:alohakat86@gmail.com)  
Submitted on: 2/27/2012

Comments:

Hi, i am a frequent visitor to the Hawaiian islands. I always use VRBO and am very happy with it. They always take great care of me and treated great. Ive had experiences with property management companies and always unhappy. If this law were to pass i believe i wouldnt be able to afford to vacation to your state and the quality would deminish. Thank you for your time.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: gino Grygera  
Organization: Individual  
E-mail: [ggrygera@gmail.com](mailto:ggrygera@gmail.com)  
Submitted on: 2/27/2012

Comments:

Hi, i am a frequent visitor to the Hawaiian islands. I always use VRBO and am very happy with it. They always take great care of me and treated great. Ive had experiences with property management companies and always unhappy. If this law were to pass i believe i wouldnt be able to afford to vacation to your state and the quality would deminish. Thank you for your time.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: richard holt  
Organization: Individual  
E-mail: [rholt850@hotmail.com](mailto:rholt850@hotmail.com)  
Submitted on: 2/27/2012

Comments:



As a landlocked midwesterner, I spent countless hours online researching where to spend my family vacation in Hawaii in 2011. My diligence paid off with a wonderful vacation in your great state. At age 60, this was my first trip to Hawaii, but I hope that it will not be my last. I would say to you that my wife and I spent a spectacular 11 days in your state, splitting our time between Kaua'i and Maui. This was made possible by two different property owners who were willing to deal directly with us and forego the nonsense of having to deal with a third party property manager.

It is my understanding that the legislature in Hawaii is now considering a bill (SB 2089) which will mandate that all property owners who wish to rent out their property must do so through a third party (property manager). I find this to be an absurd intrusion into the free enterprise system. I can assure you that we paid a rental tax on both of the properties which we rented and I am certain that the owners of those properties passed those tax monies on to the proper taxing bodies in Hawaii. I can also assure you that the addition of a property manager into the equation would do nothing more than to add an unnecessary cost to the potential visitor to your state. I suspect that this bill is being sponsored by individuals who have direct ties to those in the property management business and who are the only ones who will profit from the passage of such legislation. The state will receive no additional tax monies because they are already getting those tax monies from the property owners. Each and every property we looked at as a potential rental made the tax extremely clear to potential renters such as me. I chose the properties we rented, based on their location, amenities, cost and availability. The locations we chose, just like the ones we didn't choose (whether they were through a property management firm or through VRBO) all, and I'll repeat that word, ALL, charged tax at the appropriate rate. During my research, I did not see a single property available for rent that did not assess the taxes. Requiring private property owners to hire a "management" firm to handle their own business will do nothing more than enrich those in the property management business. The state will see no additional revenue and I will be FAR LESS LIKELY to return to your beautiful shores.

Sincerely,

Richard Holt

Hello, I'd like to say that I am opposed to this bill.

I've rented directly from property owners many times in Hawaii and always had a wonderful and fair experience and have ALWAYS paid the taxes. I would not rent from someone who did not collect the taxes.

If the cost is 25% - 40% more because of this bill, for the same vacation rental, I will rethink visiting your beautiful islands. We prefer to stay in a home or condo to experience the islands more like a local without all the fan fare and commotion of a hotel.

Thank you for your time.

Aloha,

Patty Bridner

from Maryland

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: chelsea jones  
Organization: Individual  
E-mail: [chelseajones35@gmail.com](mailto:chelseajones35@gmail.com)  
Submitted on: 2/27/2012

Comments:

I travel to Hawaii quite often and always use vrbo . Dealing with owners directly has always been a wonderful experience. The only bad experiences I have had is when I have dealt with property managers! Also the cost of traveling to Hawaii will go beyond my means. I will have to chose other destinations if SB 2089 passes.

Chelsea Jones  
Cardiff Ca. 92007

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Robert McCaskill  
Organization: Individual  
E-mail: [rwmccaskill@gmail.com](mailto:rwmccaskill@gmail.com)  
Submitted on: 2/27/2012

Comments:

We rent very year from private owners who are a pleasure to deal with. The condo is immaculate, beautifully furnished, maintained and equipped. They collect and remit the appropriate taxes. The system works fine as it is. We know many other renters who agree.

The only complaints we have heard involve properties with 3rd party managers. We oppose this initiative. It will only add cost and bureaucracy and harm efficiency, visitor visits, property values, and state revenues. Vote no.

In regards to SB 2089 I would like to say that if the cost is 25% - 40% more to rent the same condo I would normally rent through a private owner I may rethink my visit to Hawaii. My husband and I have had nothing but good experiences renting through a private owner and we did pay tax. We have been to Hawaii 4 times and were planning to visit again next year but may rethink our plans if this goes through. It is already expensive enough and to add another 25-40% would surpass our budget.

Sincerely,  
Deb Nadolny

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position:

Testifier will be present: No

Submitted by: James Johnston

Organization: Individual

E-mail: [beerjohn2@frontiernet.net](mailto:beerjohn2@frontiernet.net)

Submitted on: 2/27/2012

Comments:

Thank you for the opportunity to comment on SB 2089. As a investor in and soon to be citizen of Hawaii, I oppose the bill. It does not accomplish its stated purpose, infringes needlessly on private property rights, and discriminats against and unduly punishes a class of investors that contribute to the economy of Hawaii and the well being of many of its citizens.

Those that do not comply with current tax laws are unlikely to comply with a law that is even more onerous. Current laws need to be enforced! However, passage of SB 2089 will:

result in the failure of many vacation rental investments by distributing a large portion of their gross revenue to a selected few; increase forclosures; further depress property values; result in the conversion of many vacation rentals to long term rentals with a significant loss in tax revenues (lower tax liability); and decrease tourism revenue by making Hawaii less accessible (financially) to many poential tourist.

I am stunned that SB 2089 is given serious consideration due to its infringement on private property rights, great harm to legal tax paying investors and the negative economic ramifications its passage will have to the State of Hawaii. It sends a clear message to U.S. citizens that they are better to invest in any other state and most foreign countries.

Jim Johnston  
Kapoho, Hawaii

February 26, 2012

To whom it may concern,

We own and manage four (4) short-term ("vacation") rentals in the Hilo area of the Big Island of Hawaii.

**We are opposed to SB 2089.**

We are members of the Hawaii Visitor's Bureau, the local Chamber of Commerce, and a few other local Hilo organizations. We support local businesses and use only local resources. We support Hawaii and comply with the rules.

We simply cannot afford to pay a realtor to manage our properties. We operate on a shoestring budget with the generous help of friends and family in town. There is no money left over, and often we must pay from our saving to keep the vacation rental business floating.

We want to keep the houses, so that we may one day return to Hawaii with our family. For the time being, we are living in California out of economic necessity. The proposed legislation has made us painfully aware that our dream may be taken away.

Should this legislation pass, we will be forced to sell the Hilo houses, close our business, and move the sale proceeds out of Hawaii. We are praying this will not happen, but we're also aware it's a strong possibility.

While some realtors may believe this legislation will help them earn more money, I believe it is a huge mistake for the State and for the good people of Hawaii.

The economy is terrible and local people are struggling. The proposed legislation will only serve to cause more local folks to lose their jobs as owners elect to sell their second homes and leave Hawaii. It will also lower real estate values by adding inventory to the market and further reduce the number of buyers as the rights of ownership will be reduced.

I understand the State needs more money, and needs more regulation on all rentals (both short and long term). This includes

those owned by non-residents as well as residents. Perhaps a licensing process would help in assuring compliance. I have seen this happening in other markets around the country.

Thank you for your time and consideration.

Warmest regards,

Karri Sakai  
2331 Montpelier Drive, Ste. A  
San Jose, CA 95116  
Cell: (408) 693-0160

We had a wonderful stay in our Kauai condo, which we found through VRBO. Having direct communication with the property owners was a very positive experience for us because they truly cared about the condition of the rental and all other aspects of our stay.

I have to say they cared 100%, and we will return to your beautiful island, in part, because of this warm & inviting experience!

We also want to inform you - we did pay taxes for this vacation.

Sincerely,

Donna Dupont  
San Diego, CA

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Hello,

We are frequent visitors to Hawaii and almost always use Vacation Rental By Owner as our point of contact to find great rentals. We have never had a problem with the landlord, have always paid the required taxes. We have had many more problems when we use an onsite managed property because they often are too busy and often focus on what they deem are major problems. They have so many condos to manage that they can not give personal or immediate attention. They have to prioritize as opposed to the single owner who will respond immediately and who definitely cares about their single unit.

I also have a problem with another Senate Bill that tries to control something from a single side. There are as many unscrupulous big owners as little owners. This bill will not solve all problems but does create more bureaucracy, etc.

Please continue to give visitors options--not more laws and dictates.

Thanks.

Kathy and Dale Williams

Bozeman, Montana

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If this is passed, we will be really be rethinking our twice yearly visits to Kauai!!! We have had wonderful experiences with renting several condo's directly through the owner's!!! We have paid taxes every time we have rented!!! By leaving owner's to handle their own home's it makes it very affordable and personal!!! I would think with tourism as your mainstay, which has been at a low for several years, you would not pass this bill!!!!

Thank You!!! I hope you listen and not look for ways to hurt tourism!!!

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Please do NOT pass this bill. I have had a wonderful experience renting from a private owner. The condo was beautiful and there were absolutely no problems. If this bill is passed and we must pay 25-40 percent more for a condo,my family and I certainly will rethink visiting the islands.

Thank you, Leslie Garner

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I prefer to rent from an owner. It is nice to have that personal firsthand experience and to know from who you are renting. The rental price has been quite acceptable. I'm sure with another group handling the rentals we can expect a higher rental fee and based on the present state of the economy you will find fewer visitors to Hawaii.

Barth Brooker (previous owners of a condo on Kauai)

Barth Brooker  
[barbrook@charter.net](mailto:barbrook@charter.net)  
17 Stonebridge Drive  
Asheville, NC 28805  
828-299-0298

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position:  
Testifier will be present: No  
Submitted by: James Johnston  
Organization: Individual  
E-mail: [beerjohn2@frontiernet.net](mailto:beerjohn2@frontiernet.net)  
Submitted on: 2/27/2012

Comments:

Thank you for the opportunity to comment on SB 2089. As a investor in and soon to be citizen of Hawaii, I oppose the bill. It does not accomplish its stated purpose, infringes needlessly on private property rights, and discriminats against and unduly punishes a class of investors that contribute to the economy of Hawaii and the well being of many of its citizens.

Those that do not comply with current tax laws are unlikely to comply with a law that is even more onerous. Current laws need to be enforced! However, passage of SB 2089 will:

result in the failure of many vacation rental investments by distributing a large portion of their gross revenue to a select few; increase foreclosures; further depress property values; result in the conversion of many vacation rentals to long term rentals with a significant loss in tax revenues (lower tax liability); and decrease tourism revenue by making Hawaii less accessible (financially) to many potential tourists.

I am stunned that SB 2089 is given serious consideration due to its infringement on private property rights, great harm to tax paying investors and the negative economic ramifications its passage will have to the State of Hawaii. It sends a clear message to U.S. citizens that they are better to invest in any other state and most foreign countries.

Jim Johnston  
Kapoho, Hawaii

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Sir or Madam,

I have been looking forward to spending much more time in Hawaii, but with the new bill SB 2089 that will be voted on soon pretty well eliminate me from spending as much more time in Hawaii. The extra cost for renting a condo will be out of reach, because the condo owners will have to raise their prices. This will then be passed on to the consumer. Please reconsider this bill. Thank You Martha E Gwyn

To whom it may concern,

My family and I rented a condo on the island of Kauai directly from a wonderful family! We not only had a beautiful condo, great personal service, but we connected on a personal level with the owners!

Please do not pass the bill which would tax these wonderful families who if taxed would not be able to maintain their condos! We also probably would not travel as much if the cost increased as proposed on the bill.

Thank you for your consideration,  
Arline and Ron Clyburn

Sent from my iPhone

Sir or Madame,

I rent a private home in Hawaii every winter and have found the best deals are those provided by the individual property owners themselves, not brokers or realtors.

Please do not require private property owners to use a broker or realtor to rent out their homes to folks from the mainland like me. If they are forced to pay another person or company to manage their rentals, the cost will likely be passed on to people like me and I cannot afford it. Which would in turn mean I spend less time and money in Hawaii.

Thank you.

Sincerely,  
Rick Tholen  
1610 N Parkforest Way  
Eagle, Idaho 83616

We enjoy renting directly from owners as it ensures our visits are handled well and pricing is reasonable. Please do not interfere with this process and add another layer of cost.

The Benders  
Marina Del Rey, CA

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Support  
Testifier will be present: No  
Submitted by: eileen  
Organization: Individual  
E-mail: [gerocon@shaw.ca](mailto:gerocon@shaw.ca)  
Submitted on: 2/27/2012

Comments:

We are Canadians who have been coming to Hawaii for the past 35 years and have always rented our accomodation without exception from owners who mostly live abroad. To date we have had no concerns and any problems we may have had in the residence has been promptly address to our satisfaction. We are planning our 36th strip to Big Island and have booked throught the owner. We can't imagine not dealing with the owner for such important trips not to mention the cost. We can't imagine that a designation manager would do a better job of accomodating us. The interest of and the attention to the tennant who rents accomodation for vacation has been very fulfilling for us over the years.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose



Testifier will be present: No  
Submitted by: leland hertel  
Organization: Individual  
E-mail: [leegetech@yahoo.com](mailto:leegetech@yahoo.com)  
Submitted on: 2/27/2012

Comments:

I have been going to Hawaii for over 40 years.  
My experince has been very rewarding dealing with property owners because of personal attention I have received.I see that the cost will go up 20-40%.I will have to choose other destinations to spend my vacation dollars

I oppose SB 2089 that would require individual property owners to hire a management company or realtor instead of renting their own vacation home directly to visitors.

We have have had wonderful experiences visiting Hawaii and we generally rent directly from owners to make our Hawaiian dreams a reality. And we pay the lodging taxes every time! However, I don't imagine that we would be able to get the same great rates if owners are forced to pay a third party, and, sadly, that would make us rethink our visits to your beautiful state.

So please do not pass this bill! Instead look at ways to enforce your already existing laws with the property owners.

Mahalo!  
Sherry Streutker  
Diamond Bar, CA

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Laurel Pupa  
Organization: Individual  
E-mail: [laurelpupa@aol.com](mailto:laurelpupa@aol.com)  
Submitted on: 2/27/2012

Comments:

As a non-resident owner of a vacation rental condo in at the Waikoloa Beach Resort on the Big Island, I strongly oppose SB 2089 and respectfully ask that you vote to oppose it.

This law would create a monopoly that would benefit realtors at the expense of individual condo owners and tourists.

Please consider the effect on the Hawaii economy if owners like myself are forced to sell our vacation homes, or even go into foreclosure because we can't afford to pay the commissions charged by these realtors/property management companies.

Non-resident condo owners like myself (who collect and submit GE and TA tax) help to stimulate the Hawaii tourism industry by independently promoting vacation travel to the islands. Please do not force us to hand over a large percentage of our income to someone who is providing an unnecessary service at our expense. As it is, I've operated at a loss every year since purchasing my vacation home/condo in 2003, and can't afford to lose even more.

It has also been brought to my attention that the proposed law is unconstitutional, and enforcing it could create a huge legal battle for Hawaii. Please refer to the attached letter.

Mahalo for considering my comments.

We have just been made aware that legislation is being considered to require vacation rental owners to be forced to hire property managers.

If this means that prices will increase, we will need to rethink renting a condo, as we have been doing for the last 12 years on Kauai. We have wonderful experience using vrbo and do not want to be forced to use property management companies when it is not required.

If any further info is required, please let me know.

Val

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Frank Giardina  
Organization: Individual  
E-mail: [broadshoulders4u@hotmail.com](mailto:broadshoulders4u@hotmail.com)  
Submitted on: 2/27/2012

Comments:  
OPPOSE SB 2089

Aloha Senate Representatives,

I am a frequent visitor to the state of Hawaii. I have tried renting from property management companies and have had all sorts of problems. When I book a condo, they give me something other than what I was promised. I have checked into condos that were not cleaned or had maintenance problems. Also, they charge way more than if I book directly with an owner who has on island representation. Every time, I have booked directly with a property owner, I have been very happy. They take such pride in ownership and they go out of their way to make sure my vacation is wonderful. They are polite, courteous, and the rental transaction goes very smoothly. I will never book with a real estate company or property manager ever again because of all the problems I have had using them. I strongly oppose SB 2809 and HB 1706. If these bills pass, I will no longer frequent Hawaii. I will take my vacation dollars somewhere else where I can book directly through a property owner. Your bills are un-constitutional and should be shot down right away.

Aloha and Mahalo,

Frank Giardina  
Lake Tahoe, CA

Dear Hawaii government,

My family and I have visited Hawaii on numerous occasions from Montana. This trip is not an easy decision for us to make every year, mainly due to cost. If you pass this SB2089, our vacation will ultimately rise in price, making it almost impossible for hard working middle class families like ourselves to visit Hawaii.

Please vote NO to SB2089. Thank you for your consideration.

Katie Hesch

I just wanted to let you know that we are opposed to this latest Senate Bill 2089. The bill will upset a system that already works just fine and will add unnecessary costs for us as tourists and to condo owners who provide great services at reasonable prices. In these economically difficult times, it is not easy to find an affordable vacation. With the recent increase in airline fees coupled with the potential cost increases associated with this bill, we don't know if we'll be able to afford to come to the islands. Thank you for your consideration.



**Jeff Merkow**  
Senior Partner

**The Identity Group**

Reputation Engineering

440 W. First Street, Suite 204

Tustin, CA 92780

Phone: 714-573-0010

Fax: 714-573-2084

Email: [jmerkow@theidgroup.com](mailto:jmerkow@theidgroup.com)

WebSite: <http://www.theidgroup.com>

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Shauna Buckner

Organization: Individual

E-mail: [sbuck315@yahoo.com](mailto:sbuck315@yahoo.com)

Submitted on: 2/27/2012

Comments:

I am a non-resident that owns a condo unit in Kihei, and I do have an onsite property manager that handles all of our rentals, taxes, etc. However, I DO NOT support this!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Tom Flynn

Organization: Individual

E-mail: [tjf702@aol.com](mailto:tjf702@aol.com)

Submitted on: 2/27/2012

Comments:

OPPOSE SB 2089 CREATES A MONOPOLY!!!

I can not believe that in these poor economic times anyone would even consider a bill that would have such an adverse impact on the economy and realestate market

in Hawaii. Who ever is pushing this obviously has a hidden agenda. Passing this would cause property values to drop, a decrease in visitation due to the need to raise costs. Small businesses that support the rental business would suffer. Even the realtors that might be supporting this would suffer as investors would no longer look at or purchase vacation rentals.

I can tell you that I was currently looking at purchasing another property in Hawaii and I have now discontinued my search and I am sure that many other have as well. This type of bill will really hurt the market.

SB-2089 is illegal per Hawaii State laws. A realtor will be in violation for representing illegal rentals. This bill conflicts with a current law.

Per testimony by Rico.

It is unconstitutional . The tax board can follow the process used in 2007 by the past tax board which did an audit. They can hire consultants and research through ads. Do not take it out on the majority that pay their taxes. The State will lose more than they gain.

Agents charge 40-50% commission. We cannot afford to pay our mortgages if we sign up with agents. We have local managers to take care of all maintenance problems, we pay our taxes, we generate revenue in the communities, the condos we own have 24/7 managers and security.

This bill is being requested by a small group of realtors/booking agents who have a vested interest! If this bill passes the state has been used as a tool to create a monopoly. There will be price control and it cuts off free enterprise. Many owners will close, sell or even go into foreclosure The agents who will financially gain from this bill have said the State is losing millions. They do not have the qualifications to discuss numbers as serious as tax money.

I hope that this is all considered before passing something that will have such a negative impact in such an unstable economy.

---

February 27, 2012

To whom it may concern,

Subject: Stop Senate Bill 2089

My wife and I have owned and successfully operated our transient accommodation rental in Maui for years. We had a property manager for the first three years. Due to their lack of respect for our property management company, we assumed the role of management seven years ago. As required, we have also paid all taxes required to the state of Hawaii in a timely manner for the entire ten years of ownership.

The bad economy in the state and throughout our country, over the passed few years, has been damaging enough to everyone's bottom line when it comes to operating a business in the state. Let's not add one more restriction to running our business by passing SB2089.

There are enough individuals running their rentals "underground" and not reporting income. This bill is not the way to handle that problem, if that is its intention. An anonymous "hotline for

individuals to report "owners operating illegally would be our first thought. Also the state should consider and find budget reserves to hire employees to check online rental sites and compare those properties listed to tax reporting owners and "go after those" in violation before they penalized all the "honest" owners who do their rental business by the book.

Sincerely,

Rodney and Deborah Conklin

---

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Tom Flynn  
Organization: Individual  
E-mail: [tjf702@aol.com](mailto:tjf702@aol.com)  
Submitted on: 2/27/2012

Comments:

OPPOSE SB 2089 CREATES A MONOPOLY!!!

I can not believe that in these poor economic times anyone would even consider a bill that would have such an adverse impact on the economy and real estate market in Hawaii. Who ever is pushing this obviously has a hidden agenda. Passing this would cause property values to drop, a decrease in visitation due to the need to raise costs. Small businesses that support the rental business would suffer. Even the realtors that might be supporting this would suffer as investors would no longer look at or purchase vacation rentals.

I can tell you that I was currently looking at purchasing another property in Hawaii and I have now discontinued my search and I am sure that many other have as well. This type of bill will really hurt the market.

SB-2089 is illegal per Hawaii State laws. A realtor will be in violation for representing illegal rentals. This bill conflicts with a current law.

Per testimony by Rico.

It is unconstitutional . The tax board can follow the process used in 2007 by the past tax board which did an audit. They can hire consultants and research through ads. Do not take it out on the majority that pay their taxes. The State will lose more than they gain.

Agents charge 40-50% commission. We cannot afford to pay our mortgages if we sign up with agents. We have local managers to take care of all maintenance problems, we pay our taxes, we generate revenue in the communities, the condos we own have 24/7 managers and security.

This bill is being requested by a small group of realtors/booking agents who have a vested interest! If this bill passes the state has been used as a tool to create a monopoly. There will be price control and it cuts off free enterprise. Many owners will close, sell or even go into foreclosure The agents who will financially gain from this bill have said the State is losing millions. They do not have the qualifications to discuss numbers as serious as tax money.

I hope that this is all considered before passing something that will have such a negative impact in such an unstable economy.

---

I am opposed to the SB2089. It would cause an increase that would make me think twice about coming to the ISLAND and spend my vacation there. I have had great experience with the people I know renting their condos.

Jane Johnston  
281-661-0451

---

To whom it may concern:

I am opposed to SB 2089. I have stayed in a condo in Hawaii that did not have a property manager. If I would have to pay 25-40% more to rent the same condo, I will not be visiting Hawaii again. I had a great experience renting straight from the owner and I did pay tax when I rented the condo.

---

Just had an experience with a VRBO owner of Kuhio Shores....she double booked us so cancelled our reservation. So, I do believe they should have a property manager and pay taxes !!!

Wendy Dickie  
Fine Eye Photo  
email: [fineeyephoto@aol.com](mailto:fineeyephoto@aol.com)  
web: [www.fineeyephoto.com](http://www.fineeyephoto.com)  
303-521-4420

---

I've been renting condos in Hawaii for nearly 40 years, I have always paid tax and have always had a great experience, if the law changes and I have to pay a higher rate, I don't think I would be able to visit Hawaii anymore!

Sincerely,

Kathleen Giannunzio  
Redmond, Wa

---

I've been renting condos in Hawaii for nearly 40 years, I have always paid tax and have always had a great experience, if the law changes and I have to pay a higher rate, I don't think I would be able to visit Hawaii anymore!

Sincerely,

Kathleen Giannunzio  
Redmond, Wa

---

**I am writing to oppose bills HB1707 and SB2089**

We have successfully promoted and rented our condo to a lot of happy vacationers since 2006. One of the many attractions we condo owners offer to would be tourists, is that we provide a home away from home experience that typical hotels or resorts cannot offer. Given that choice, many tourists would prefer to rent a condo with all of the amenities they could get from their own homes compared to the more expensive options of a typical hotel settings. By offering a condo with the comfort of a home and with a very competitive price point, in our own small way, we have contributed to and benefited the State of Hawaii's tourism efforts and overall economy. With a successful program that yielded many renters, we also contributed to the State of Hawaii's coffers by paying regular GET and TAT.

We have a licensed realtor/property manager in town to help us maintain the condo or be our mediator if there is any problem that need an immediate solution. Other than that, our property manager does not really bring us any significant business. They were only able to book 2 renters for a total of 15 nights for the whole 2011. With the way their businesses are set-up, most realtors/property managers are not prepared to promote and run our condos the way we would on our own. Further, with at least 75% commission (if the property manager is the one who get the renters for me or 25% commission if I get the renters myself), how do you expect us to maintain our investment and pay all our expenses which include the high cost of H.O.A. fee?

We work hard everyday and ,sometimes, do not even make any profit from this investment. And in these down market conditions, we cannot even sell it without losing a lot of money. If this bill passes, we condo owners would simply cease promoting our condos for short term rental. Without competition, hotels and resorts would increase their prices and, as a consequence, a lot of tourists will skip vacationing in Hawaii because of the high cost of the plane fares, accommodations, and food.

Please listen to our voices. **Please do not pass this bill.**

Thank you,  
Hera Tunggal

---

I have rented from multiple condo owners in the past 20 years and have never had a problem.

I love the islands and fear if owners must higher people to "take care" of the condos the rental prices would Increase beyond my means.

I would hate to think that I would no longer be able to enjoy the islands due to this idiotic bill.

I trust Hawaii would not want to lose jobs by decreasing tourism.

Regards, Lore Krzewina  
Sent from my iPad

---



To whom it may concern,

I would like to share with you my view of this proposed law. I have been vacationing in Hawaii for many years. I have found that each visit has become increasingly more expensive the past few years.

I do believe that if this law was to pass, you would stand to lose many tourists due to such a large increase on rental properties.

Please consider that with a main source of income from tourism, keeping it in an affordable range will payback in the future. Raising cost as much as 40% could actually backfire the entire greed process.

Sincerely  
Heid Beach

---

Hello:

I am writing to express concern that owners of vacation rentals may have to use a property management company. As a frequent renter of vacation properties on various Hawaiian islands, I have found only good experiences renting directly from property owners. I often refer to the "Vacation Rental By Owner" website and have rented through the site on numerous occasions. In those situations, I have paid taxes directly to the owners as part of my rental agreement. I have found the owners to be most helpful and informative with respect to aspects of their unit and tourist experiences in Hawaii. I have also rented through property management companies and have also had mostly good experiences. However, some of the cost savings that an owner passes on to me directly through [www.vrbo.com](http://www.vrbo.com) has helped me to keep coming back to Hawaii more often than I otherwise would be able to afford to. For instance, on the Big Island of Hawaii last year I was charged approximately \$300/night for a resort condo through a property management company but was charged \$150/night through an owner. I would much rather have the savings in my pocket so that I can afford to do other activities and go out more often to restaurants when I travel.

Please re-consider trying to pass this bill.

Thank you.

Kathy

**Kathy Bakony**  
Manager, Corporate Leasing  
Coast Capital Savings  
Suite 400 - 645 Tyee Road

Victoria, BC V9A 6X5  
Tel 250.483.8700  
Fax 250.483.8783  
[kathy.bakony@coastcapitalsavings.com](mailto:kathy.bakony@coastcapitalsavings.com)

---

Dear Sir or Madam,

I would like to express my opposition to Hawaiian Senate Bill 2089 that would require non-resident property owners to employ a licensed property manager for rental properties. My wife and I recently stayed at two different rental units on the Island of Kauai during our honeymoon. Each unit is owned by a non-resident and managed by the owners. My wife and I had an amazing time and we feel that requiring outside property management would be detrimental to our plans on returning due to the likelihood of increases in costs. An increase of 25% would certainly price us out of any future Hawaiian vacations. I would also like to note that we did, in fact, pay tax on the rental units during our recent stay.

Thank you for your time and consideration,

Erik

Erik Boardman, PE  
Project Engineer  
GEORGE CAIRO ENGINEERING INC.  
Phone: (480) 921-4080  
Fax: (480) 921-4087  
Cell: (805) 680-8222  
1630 South Stapley Drive, Suite 117  
Mesa, AZ 85204

I am writing to oppose the proposed bill that would greatly limit our freedom of choice when traveling. I have always had wonderful experiences with Vacation Rental By Owner and always use them. I had to pay more, I'd probably decide against renting a condo. I have stayed in VRBO properties in Kauai, North Carolina, Mexico, France, and many other places. I have always received top notch service and find the intimate contact with the owners a great plus. Whenever I have dealt with other forms of management it often seems impersonal, and is always more expensive. I wish to continue to have the freedom of choice.

John Pelot

Punta Gorda, FL.

---

We have rented condos through private owners for the past 5 years in Kauai. Each owner has been wonderful and most helpful prior to our visit and during the visit.

The rents are so reasonable and we would hate to see that change due to unnecessary legislation. We do pay the full tax on our accommodations.

As the old saying goes - if it ain't broke, don't fix it!!  
Please do not change the law so that we would be thinking twice about  
visiting Kauai or any other island in your beautiful state.

Thank you  
Sandy Hoxie  
Terrebonne, Oregon

---

Dear State of Hawaii Senate,

I heard about SB 2089 and as a three times a year visitor to Hawaii I am very OPPOSED to this bill. I have had great guest experiences when renting from individual owners every year I have visited and paid all the same Hawaii taxes every time that I would have with any hotel chain or management company. If the cost of a rental rises in Hawaii by 25-40% because of the impact of this bill, I along with all my family and friends will re-think our visits to Hawaii and will find another state, country or island to visit in the coming years. Please do not pass this bill for the sake of pleasing the hotel industry and their lobbyists, it will definitely have a detrimental impact on your tourism and will be a huge mistake! Thank you.

**Sandy Kling**  
**Director of New Business Development**  
**GoIndustry Dovebid**  
**P-(206) 922-3522**  
**M-(206) 300-3982**  
**F-(410) 654-5876**  
**[Sandy.Kling@Go-Dove.com](mailto:Sandy.Kling@Go-Dove.com)**  
**[www.go-dove.com](http://www.go-dove.com)**

---

Please do not pass this bill we won't be able to afford to rent in Hawaii any longer and we LOVE your islands.

---

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THE SENATE  
THE TWENTY-SIXTH LEGISLATURE  
REGULAR SESSION OF 2012

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair  
Senator Brian T. Taniguchi, Vice Chair

NOTICE OF HEARING

DATE: Tuesday, February 28, 2012  
TIME: 9:45AM  
PLACE: Conference Room 229  
State Capitol  
415 South Beretania Street

A G E N D A

**SB 236**

Status & Testimony

RELATING TO THE CONTRACTORS LICENSE BOARD. CPN  
Reconfigures the composition of the contractors licensing board to include exclusive representatives of collective bargaining units, and reduce from 5 to 3 members representatives of both general and speciality contractors.

**Decision Making to follow, if time permits.**

Click [here](#) to submit testimony to the Senate Committee on Commerce and Consumer Protection.

**Testimony may be submitted up to 24 hours prior to the start of the hearing.**

**FOR AMENDED NOTICES:** Measures that have been deleted are stricken through and measures that have been added are underscored. If a measure is both underscored and stricken through, that measure has been deleted from the agenda.

If you require auxiliary aids or services to participate in the public hearing process (i.e. ASL or foreign language interpreter, or wheelchair accessibility), please contact the committee clerk at least 24 hours prior to the hearing so that arrangements can be made.

FOR FURTHER INFORMATION, PLEASE CALL THE COMMITTEE CLERK AT 586-6070.

This hearing will be on Twitter: [https://twitter.com/HI\\_Senate\\_CPN](https://twitter.com/HI_Senate_CPN).

---

Senator Rosalyn H. Baker  
Chair

Proposed Amendment to SB2089

The reasoning behind SB2089 is clearly twofold:

1. Help an ailing outdated industry (the property management "middle man") that has been supplanted by small businesses on the Internet, and
2. As the state's tax collection folks are admittedly incapable of mining their own data, which would easily find tax cheats, absolve them of their responsibility and hope that local companies affected by the Internet business model will more effectively collect taxes.

Therefore, this is really not a "Transient Accommodation" bill; it is a tax collection and stimulus bill aimed at Internet-based businesses supplanting local businesses.

Sales tax losses due to Internet sales dwarf any losses from GE/TAT transient rental losses.

Given the estimated loss in state sales tax collection in the hundreds of millions of dollars, and billions in loss to local store sales due to Internet on-line tangible good sales, the following amendment is proposed to SB2089...

**Any off-island Internet/on-line business selling tangible goods to residents of Hawai'i must perform the transaction through a local, on-island, licensed retail business who will collect the appropriate sales tax. For this service, the local business may charge the Internet business a fee of up to 50% of the purchase price of the goods.**

**RE: Opposition to SB2089, HB1706, and HB1707 (and any bill where I will not be allowed to personally manage my rental property)**

Dear Chairs, Vice-Chairs and Members of the Committees:

Turning over our home to Real Estate Agents is unthinkable. I would sooner stop renting or sell my property before I'd let them take control. From what I've seen, they hire transients, increasing the risk of theft from our homes (and guests) once they have access; I'll never know who has access to my home. They rent to guests who think of our property as they would a hotel that they can trash without consequence. This proposal forbids the personal experience I give my guests. I did not buy my property in Kauai'i with this scenario in mind.

This is my home! I deserve control over who has access and who rents from me. I make a point of having a personal relationship with each and every guest before I ever accept their money. I help them plan their vacation. The way guests treat the property, knowing the owner, is much better than those who rent from some nebulous corporation (I have never had any issue with damage... that the guest hasn't repaired themselves... often bettering the property's condition). I get a great deal of satisfaction when I hear how much they enjoy my property and how fun their vacation is. I selected my housekeeper very carefully, and know she is trustworthy and hard-working and the only person who has access to my property (and receives the needed 1099). Now, you want to take that away! I will not let you. It will not happen; whatever my legal recourse, the state will lose my GE/TAT taxes if this bill becomes law as written, even if it means I have to change my retirement plans dramatically (and not retire in Hawai'i).

Claims of Property Managers "take" range from 15% (from the Property Managers) to 50% (by the owners). My personal experience is that: while their base percentage is closer to 20% to 30%, when they add on all their additional fees it becomes half my revenue. This makes no sense: this bill would have me lose half my revenue to

assure that I'm paying the 13.42% taxes that I'm already paying? This is unreasonable by anybody's measure. This will put more property on the market, in an economic climate where prices have already plummeted, and decrease lodging availability with fewer available rentals, and decrease the state tax revenues (both property tax due to lower valuations and GE/TAT taxes from decreased availability); the opposite of the intended effect.

The demise of property managers is inevitable in the evolution of capitalism given the Internet: removing the "middle man". The Internet has made it possible for many new small businesses to be created where none previously could have existed. In this case, it has allowed middle-class folks like me to fund a future retirement in Hawai'i with a small vacation rental business to offset costs. This business model works efficiently and effectively as is. The intrusion proposed by this bill would completely destroy this business model.

As a Democrat, I often have to justify "unnecessary regulation, choking small businesses, spurned by special interest"... one of the Republican's favorite jabs in their arsenal. But, in this case, we don't have a valid justification; we've gone too far in obviously trying to give the Real Estate Lobby a new revenue stream, while creating a devastating burden on the small business owners like myself.

An analogy: Internet sales have also decreased sales tax revenue (much more than transient accommodation tax). A similar argument/request could come from the brick-and-mortar stores, whose sales have declined due to Internet sales, requiring all on-island Internet sales go through them. They too must realize that the Internet has changed how the economy works, and it would be ridiculous to mandate the same sort of revenue stream you're promising the Property Managers to revive a dead "middle man" in the name of recouping whatever taxes aren't currently being paid.

Tax revenue is understandably important, but I don't think such a heavy burden on current small business revenue is warranted. There are other ways to find the tax cheats. For example, correlate the address information arriving visitors claim (when entering the state)



with property ownership and GE/TAT records... simple data-mining programming of data you already have will find folks who aren't paying taxes... there is other data you already have that you could mine to find similar information. If somebody is paying less than their neighbor's taxes, you could look on their VRBO or FlipKey advertising pages for their calendars and rates, and see if it jibes with what they are paying in taxes (knowing that discounts are often given to attract guests... for example, my average charge per day in 2011 was about  $\frac{3}{4}$  of my maximum nightly charge listed on the internet)... i.e. two equally valued properties in the same area should be paying equivalent taxes proportional to their calendar derived occupancy. Simple data mining of existing tax (and web-crawled) data. Maybe the tax collection department needs the expertise to organize and mine the data appropriately; that's a much simpler fix.

As with most homeowners these days, we're "under water": my mortgage exceeds the properties worth, but I continue to pay. As with most vacation rentals, even though I run the business myself, I cannot come close to break-even in the current economy. My justification for being in this business is that I truly enjoy helping people have a great vacation... now, you want to take that away and increase my losses significantly.

Local emergency numbers are important too. I do have two people on-island whose numbers I provide to my guests and are available 24/7 should disaster strike (and it has, once). This is important, and I'm not against a regulation that there be a local emergency number for guests to call, but not a real-estate agent (i.e. have people who will actually be able to do something constructive about the issue). I think this too can be regulated without destroying the currently working business model as proposed.

Before ruining my business, I plea that you gather empirical data on the claims being made against our business model:

- How much tax is being lost?
- How much could be recovered with this solution?
- How much tax revenue might be lost by implementing this

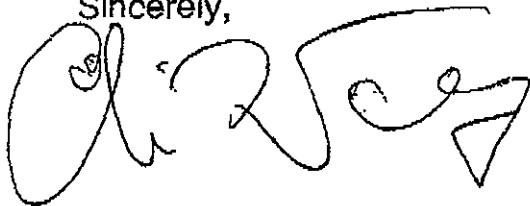
solution (both GE/TAT and property taxes due to lowered availability and valuations)?

- What would it take for the tax commission to gain the expertise needed to mine their existing data and/or web crawl for internet-mined data?
- How much revenue could be recovered/lost via other solutions?
- How much will this solution really cost our small businesses?
- How many of these businesses will fold and lose their property and investment if this bill is passed?
- How many of these small businesses might choose to remove their property from the rental market because of this bill?
- How many vacation rentals will go up for sale because of this bill?
- How much might this effect the price paid by guests (when the supply of rentals decrease)?
- How will the glut of new properties on the already depressed real estate market further affect prices?
- How will the lower property values caused by this bill effect property tax revenues?

Having some understanding of the effects of this bill is important before writing it into law. Anecdotes and conjecture are plentiful, but need hard evidence to back them up or discount them.

You're not only taking away my ability to do business, you're taking away a labor of love, and destroying my retirement plans. You should seriously consider the effects this bill will have, and vote against it.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chris Worley', with a stylized, cursive script.

Chris Worley

2/26/12

**No on SB 2089**

Rosalyn H. Baker  
Fax: 808-586-6071

Dear Mrs. Baker:

My name is Barbara J. Lane and I have owned several vacation rentals on Maui for over 25 years. I am writing and faxing you to express my deep opposition to SB 2089. Not only would the passage of SB 2089 severely damage the local Hawaiian economy, by discouraging out of state owner/residents from doing business in Hawaii, but it would also create a minefield of issues regarding adequate restitution to all of the disenfranchised out of state owner/residents who undoubtedly will have to be compensated after SB 2089 is ruled unconstitutional. Please stop and think about the consequences of what you may be voting for and don't waste any more tax payer money and/or you and other State employees valuable time in promoting this legislation!

Attached is a copy of the letter that was drafted by the Damon Key Leong Kupack Hastert law firm which clearly delineates how flawed and unconstitutional SB 2089 is.

Sincerely,



Barbara J. Lane

**hawaiilawyer.com**

# DAMON KEY LEONG KUPCHAK HASTERT

A LAW CORPORATION

February 24, 2012

Attorneys at Law

1807 Bishop Street, Suite 1400  
Honolulu, Hawaii 96813-6492

Telephone (808) 531-0011  
Facsimile (808) 531-2742  
E-Mail: info@hawaiilawyer.com  
Website: www.hawaiilawyer.com

**The Honorable Rosalyn Baker**  
State Senate  
415 South Beretania Street  
Hawaii State Capital, Room 230  
Honolulu, Hawaii 96813

Re: SB 2089

Dear Senator Baker:

We represent the Hawaii Vacation Rental Owners Association ("HVROA") in opposition to Senate Bill 2089, which purports to require non-resident owners of residential units to hire licensed property managers when renting their homes.

Bill 2089 is patently unconstitutional discrimination against non-resident property owners by the State of Hawai'i, in violation of the United States Constitution. The Constitution prohibits discrimination against non-residents through the Equal Protection, Privileges and Immunities and Commerce Clauses. It is well-settled law that the right to own and dispose of privately-held property is a "fundamental right" for purposes of the Constitution, *Daly v. Harris*, 215 F. Supp. 2d 1098, 1101 (D. Haw. 2002) (Honolulu's Hanauma Bay non-resident fee ordinance). Under the Equal Protection and Privileges and Immunities Clauses, discrimination on the basis of residency is reviewed under strict scrutiny. The statute is unconstitutional if it is not necessary to further a compelling state interest. *Walsh v. City and County of Honolulu*, 460 F. Supp. 2d 1207 (granting injunction against Hawai'i's residency requirements). In fact, the Hawai'i Supreme Court has held that Hawai'i's durational residency requirement "exists without a rational basis." *York v. State*, 53 Haw. 557, 561 (1972).

Likewise, under the Commerce Clause, the inquiry is whether the law regulates evenhandedly with only incidental effects on interstate commerce, or whether it discriminates against interstate commerce, which means different treatment of in-state and out-of-state economic interests. "If a restriction on commerce is discriminatory, it is virtually per se invalid." *Barber v. State of Hawai'i*, 42 F.3d 1185, 1194 (9<sup>th</sup> Cir. 1994).

- Nedie J. Canlan
- Rebecca A. Caporali
- Matthew T. Evans
- David B. Lynch
- Steven R. Gray
- Oliver D. Hester
- Camp N. Koch
- Courtney S. Kaulaawai
- Christina A. Kubota
- Cheryl Anne H. Kurki Chock
- Gregory W. Sugh
- Kevin R. Kupchak
- Derek C.M. Leong
- David P. McCaulry
- James C. McWhirnie
- Sira Mostafa-Roy
- Mark M. Musakami
- Anna H. O'Brien
- Christopher Pao
- Michelle M. Shin
- Douglas C. Smith
- Brian H. Thomas
- Michael A. Wozniak

- Cliff Cronin
- R. Charles Backen
- C.F. Damon, Jr
- Harry A. Iman

Charles W. Toy  
0922-2800

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---

**DAMON KEY LEONG KUPCHAK HASTERT**

The Honorable Rosalyn Baker

February 24, 2012

Page 2


Under any analysis, SB 2809 will not pass constitutional muster. Laws requiring the payment of transient accommodation tax already exist. Taxes are paid, or not paid, by residents and non-residents alike. The Bill has absolutely no purpose other than to significantly increase the cost of owning and renting property for non-residents.

In addition to these insurmountable constitutional infirmities, the Bill has many other fatal flaws. It impermissibly infringes on the four Counties' home rule powers, each of which can differently define transient accommodations for purposes of their zoning laws. In addition, property owners are statutorily exempt from using a licensed realtor when renting their own property.

For the foregoing reasons, and others, HVROA respectfully requests that SB 2809 not be passed.

Very truly yours,

**DAMON KEY LEONG KUPCHAK HASTERT**



Gregory W. Kugle

GWK:ds

cc: Ms. Angie Larson

160982

RANDYAND CATHY BODHAINE  
P.O. Box 23366  
Pleasant Hill, CA 94523  
(925) 890-6492  
Fax: (925) 932-4184  
Email: [bodhaine@comcast.net](mailto:bodhaine@comcast.net)

DATE: February 25, 2012

TO: Senator Rosalyn Baker

FAX NO. (808) 586-6071

PGS. THIS FAX: 3

RE We Oppose :SB 2089

Senator Baker:

We are property owners on the island of Maui. We plead with the Senate to vote this bill down.

This bill would inevitably cost the state of Hawaii greatly with lost revenues from the TA/GE taxes, negatively impact Hawaii Real Estate as well as causing a major decline in tourism.

We pray that the Senate will hear the facts and defeat this unconstitutional bill.

Thank You,



Randy and Cathy Bodhaine

hawaii**lawyer.com**<sup>®</sup>

# DAMON KEY LEONG KUPCHAK HASTERT

A LAW CORPORATION

February 24, 2012

Attorneys at Law

1003 Bishop Street, Suite 1600  
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Courtney S. Kajikawa<sup>2</sup>

Christine A. Kubota

Christi-Anne H. Kudo Chock

Gregory W. Kugle

Kenneth R. Kupchak

Denis C.H. Leong

David P. McCauley

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Michelle M. Shin

Douglas C. Smith

Robert H. Thomas<sup>2</sup>

Michael A. Yoshida

Of Counsel

R. Charles Boeken

C.F. Damon, Jr.

Harry A. Inman<sup>2</sup>

Charles W. Koy

(1929-2008)

<sup>1</sup>Admitted in Texas<sup>2</sup>Admitted in Hawaii and California<sup>3</sup>Admitted in New York and District of Columbia

Providing business clients  
worldwide access to  
sophisticated legal advice  
and exceptional service.

The Honorable Rosalyn Baker  
State Senate  
415 South Beretania Street  
Hawaii State Capital, Room 230  
Honolulu, Hawaii 96813

Re: SB 2089

Dear Senator Baker:

We represent the Hawaii Vacation Rental Owners Association (“HVROA”) in opposition to Senate Bill 2089, which purports to require non-resident owners of residential units to hire licensed property managers when renting their homes.

Bill 2089 is patently unconstitutional discrimination against non-resident property owners by the State of Hawai’i, in violation of the United States Constitution. The Constitution prohibits discrimination against non-residents through the Equal Protection, Privileges and Immunities and Commerce Clauses. It is well-settled law that the right to own and dispose of privately-held property is a “fundamental right” for purposes of the Constitution. *Daly v. Harris*, 215 F. Supp. 2d 1098, 1101 (D. Haw. 2002) (Honolulu’s Hanauma Bay non-resident fee ordinance). Under the Equal Protection and Privileges and Immunities Clauses, discrimination on the basis of residency is reviewed under strict scrutiny. The statute is unconstitutional if it is not necessary to further a compelling state interest. *Walsh v. City and County of Honolulu*, 460 F. Supp. 2d 1207 (granting injunction against Hawai’i’s residency requirements). In fact, the Hawai’i Supreme Court has held that Hawai’i’s durational residency requirement “exists without a rational basis.” *York v. State*, 53 Haw. 557, 561 (1972).

Likewise, under the Commerce Clause, the inquiry is whether the law regulates evenhandedly with only incidental effects on interstate commerce, or whether it discriminates against interstate commerce, which means different treatment of in-state and out-of-state economic interests. “If a restriction on commerce is discriminatory, it is virtually per se invalid.” *Barber v. State of Hawai’i*, 42 F.3d 1185, 1194 (9<sup>th</sup> Cir. 1994).

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DAMON KEY LEONG KUPCHAK HASTERT  
The Honorable Rosalyn Baker  
February 24, 2012  
Page 2

Under any analysis, SB 2809 will not pass constitutional muster. Laws requiring the payment of transient accommodation tax already exist. Taxes are paid, or not paid, by residents and non-residents alike. The Bill has absolutely no purpose other than to significantly increase the cost of owning and renting property for non-residents.

In addition to these insurmountable constitutional *infirmities*, the Bill has many other fatal flaws. It impermissibly infringes on the four Counties' home rule powers, each of which can differently define transient accommodations for purposes of their zoning laws. In addition, property owners are statutorily exempt from using a licensed realtor when renting their own property.

For the foregoing reasons, and others, HVROA respectfully requests that SB 2809 not be passed.

Very truly yours,

DAMON KEY LEONG KUPCHAK HASTERT



Gregory W. Kugle

GWK:ds

cc: Ms. Angie Larson  
160982



2-25-2012

To all Senators of Hawaii

REFERENCE: SB 2089

**PLEASE VOTE AGAINST SB 2089.**

I have attached a letter from Gregory W. Kugle and attorney who outlines the reasons that the bill is unconstitutional and discriminatory.

My wife and I have three (3) condos on the big island and have spend a lot of money and time in fixing them up to represent what we feel is a first class experience for our customers. My wife handles all the rentals herself and advertises thru VRBO and Home Away with a tremendous amount of success. Once she receives an inquiry she immediately makes a phone call to introduce herself and offer any assistance they might want. She has @ 75% occupancy and not only has many repeat customers, but their compliments have been over whelming. We have friends who use property managers and real estate managers, but only receive 3 or 4 rentals a year and are charged 35 - 40% of the rental fee plus numerous extras. Many of our customers have a very bad taste about the impersonal service they have received from these property managers and have said many times that they would not return to the big island if they had to deal with them. I urge you to **VOTE AGAINST SB 2089.**

There is no question that the State of Hawaii would suffer if they allowed this small number of property managers to gain control of the Condo Rental business on the island. As a property owner with one of our units with a mortgage, I can say we would have to sell (currently at a loss with the low property values in Hawaii today) the units and go somewhere else to invest our money. There is a portion of the vacationing population who want an exceptional personal experience when vacationing and in our opinion the big island offers all the attractions one could imagine. These same people want to prepare their own meals and have a large room to enjoy in the evening, something that the beautiful hotels in the area don't offer. The balance of hotels and condos in the State of Hawaii offer something for everyone, but as we know all of this is very fragile and governed by a price point that must balance. I read where a property manager testified in favor of the house bill and stated they would manage for a 15% fee. That is false!! Their rates range from 35 - 45% and with today's economy it would have to come out of the owner's portion leaving it impossible for them to meet their mortgages. **PLEASE VOTE AGAINST SB 2089!!**

**Rod Remington (rod@mtbakerproducts.com)**  
**Cell# (1-360-961-5261)**

1 attachment (2) pages

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# DAMON KEY LEONG KUPCHAK HASTERT

A LAW CORPORATION

February 24, 2012

Attorneys at Law

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James C. McWhinnie  
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Michael A. Yoshida

Of Counsel  
R. Charles Bocken  
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<sup>1</sup>Admitted in Texas

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**DAMON KEY LEONG KUPCHAK HASTERT**  
The Honorable Rosalyn Baker  
February 24, 2012  
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In addition to these insurmountable constitutional infirmities, the Bill has many other fatal flaws. It impermissibly infringes on the four Counties' home rule powers, each of which can differently define transient accommodations for purposes of their zoning laws. In addition, property owners are statutorily exempt from using a licensed realtor when renting their own property.

For the foregoing reasons, and others, HVROA respectfully requests that SB 2809 not be passed.

Very truly yours,

**DAMON KEY LEONG KUPCHAK HASTERT**



Gregory W. Kugle

GWK:ds

cc: Ms. Angie Larson  
160982

hawaii**lawyer.com**<sup>®</sup>

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February 24, 2012

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Very truly yours,

**DAMON KEY LEONG KUPCHAK HASTERT**



Gregory W. Kugle

GWK:ds

cc: Ms. Angie Larson  
160982

I am submitting my testimony in regards to SB2089

We have owned our rental property in Kapalua since 2009; we have collected and paid our GE and TAT taxes since day one. With the economy the way it is we are barely able to break even every month and adding a property management fee to our current expenses would mean we would most likely have to sell our property. It is well maintained reasonable priced accommodations that allows visitors to continue to come to Hawaii in these difficult economic times.

We are very proud of our property and we go to great lengths to keep a staff of independent contractors available to maintain our property and to respond to any emergencies. The very important point that you need to keep in mind is that an unmaintained property means bad reviews on Home-away and VRBO and bad reviews means severely diminished rentals.

Also, I truly believe that regardless of the actions state legislators take on the Bills, the legislation is clearly unconstitutional because it discriminates on the basis of residency and takes away the most basic of individual property rights.

I echo the counterarguments to this bill below by a fellow owner:

- Here are the counter-arguments:
  - 1099: Our cleaning service provider, appliance repairman, window washer and "handyman" are independent contractors. There is no employer-employee relationship with any of these contractors. They provide us an invoice for services rendered, plus applicable taxes, and we pay the full amount of the invoice. There is no requirement to issue a 1099.
  - Some, but not all property managers have staff on call 24 hours a day. Independent owner-operators are on call 24 hours a day. A guest can send us an email or call us on the phone any time of day, 7 days a week.
  - Yes, the internet has ruined the property management industry ... but it also has had the effect of lowering prices for consumers and distribution costs for companies. One could also say that mass production of automobiles "ruined" the horse and buggy industry. Hawaii state legislators have no power to turn back the clock. The market is dynamic, competitive and responsive to innovation and technology. If property managers in Hawaii are unable to compete with these new entrants, then they need to reduce their 30-50%+ fees. Hawaii state legislators have no business interfering with the natural causes and effects of an efficient marketplace, particularly when it amounts to a restraint of trade to create a monopoly for a small minority.
  - Forcing friends and family members to book individually owned properties through a property manager is a violation of the most basic individual property rights.

- Foreclosure protection: It is common practice for owner-operators to encourage their guests to purchase travel insurance and/or trip cancellation insurance. In addition, most credit cards offer recourse in the event of breach of contract.
- The tax department is not in the business of "web crawling." This is such an absurd comment that it does not merit a response.
- The property managers claim, without providing hard evidence, that independent owner-operators undercut their nightly rates property managers by "1/3." Again, it is not the role of state legislators to interfere with competition in the marketplace. If it is, then perhaps corner grocery stores should lobby their representatives to enact legislation to force consumers to buy milk from them rather than Costco?

Sincerely,  
Mike Penn  
SF CA 94124  
415-282-3500

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: John Eckel  
Organization: Individual  
E-mail: [John.Eckel@Pinninvest.com](mailto:John.Eckel@Pinninvest.com)  
Submitted on: 2/24/2012

Comments:

I am a non-resident property owner who rents our condo to the public and believe that your bill to restrict the rights of owners such as myself will be a significant blow to the Hawaiian economy since you will be killing a "golden goose";.

The best ambassadors for the Hawaiian islands are those property owners who live off-island and rent their property directly to the public. They may be Hawaii's best kept secret.

These individuals, individually and as a group, are incredibly enthusiastic about HI and convey that enthusiasm to potential visitors every day. The result is increased tourism to HI and economic benefits throughout the islands.

The members of this group that I have been honored to meet and know are also an incredibly conscientious and honest group. I suspect that they are more honest than those who have been recently questioning their honesty in paying HI TAT and GET taxes.

Are there some individuals in the group that don't meet this standard. Certainly, just as there are some drivers who run red light. But just because some drivers run red lights, it does not make sense to require everyone to hire a chauffer.

This Bill directly attacks the property rights and questioning the honesty of a group who are Hawaii's best ambassadors. You have a winning formula in place. If you change it, you face that risk of unintended consequences resulting for the loss of your best ambassadors.

I bought property in Maui in the 1980's instead of buying in Mexico or the Bahamas because I was confident my property rights would be protected in HI. Please don't disappoint me.

Please do the right thing for HI and not be swayed by special interest groups that want to take away our rights for their gain. These special interest groups have made unverified and outlandish claims of lost taxes. Please do not be swayed by false and unverified accusations by those managemetn companies with vested interests.

Mahalo



We have rented a condo from an owner in Hawaii twice through VRBO and had a wonderful experience both times. We would rethink vacationing in Hawaii if the cost was more because of hiring a property manager. We paid the same tax to the property owner that we would have paid through a property managed real estate. We are opposed to SB2089 because it would add expense and bureaucracy to a system that is working well already. Jim and Sharon Geraghty

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Kristi

Organization: Individual

E-mail: [kristilcash@gmail.com](mailto:kristilcash@gmail.com)

Submitted on: 2/24/2012

Comments:

I AM OPPOSED TO THIS BILL!! I AM AN INDIVIDUAL AND RENTS FROM A FAMILY OWNED CONDO AND LOVE IT. THE RENT WOULD INCREASE 40% AND WE WOULD BE FORCED TO VACATION ELSEWHERE. PLEASE TAKE THIS INTO CONSIDERATION. THANK YOU

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Kathy Sheehan  
Organization: Individual  
E-mail: [sheehan.kathyharnett@gmail.com](mailto:sheehan.kathyharnett@gmail.com)  
Submitted on: 2/24/2012

Comments:  
Dear Senators,

Please consider the following carefully and oppose SB 2089.

This bill is illegal per Hawaii State laws. A realtor will be in violation for representing illegal rentals. This bill conflicts with a current law. Per testimony by Rico.

It is unconstitutional. See attached letter.

The Hawaii tax board can follow the process it used in 2007 when it did an audit. It can hire consultants and research through ads.

Do not take it out on the people like us who pay our taxes regularly, fully, and on time (in my case for over 30 years). In the long run, the State will lose more than it gains.

This bill is being requested by a small group of realtors/booking agents who have a significant vested interest. If this bill passes the state will have been used as a tool to create a monopoly. There will be price control cutting off free enterprise. Many owners will close, sell or even go into foreclosure flooding the market.

Agents charge 40-50% commission. We cannot afford to pay our mortgages and expenses if we sign up with agents.

We have local managers to take care of all maintenance problems. They do so quickly and reliably. We pay our taxes, we generate revenue in the local communities, and the condos we own already have 24/7 managers and security.

The agents who will financially gain from this bill have said the State is losing millions. They do not have the qualifications to discuss numbers as serious as tax money.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: David Bosworth  
Organization: Individual  
E-mail: [DavidLB13310@aol.com](mailto:DavidLB13310@aol.com)  
Submitted on: 2/24/2012

Comments:

We are against this proposed legislation, as it is not in the best interests of the State of Hawaii.

Efforts should be directed to encouraging tourism to Hawaii. This bill will discourage tourism, therefore defeating the very argument the real estate and property management industry is making—more taxes to benefit the financial resources of the state of Hawaii. Expect the opposite to happen. Reliance on the real estate and property management industry to increase tourism, hence taxes, is flawed.

The internet is now the way that people find places to visit, as Mark Marchello explains so well in his 1/30/12 letter directed to Senator Kim. Vacation Rentals by Owner (VRBO,) is an easy way for tourists to compare rental facilities and prices, and make contact with the owners. No wonder that reservations made directly with owners is growing at the expense of the real estate agents and property managers.

1. It is easier to do so on web sites such as VRBO or Home Away.
2. It becomes a more personal way to find accommodations, and leads to repeat visits.
3. Owner rental accommodations are less expensive—not because we don't collect and pay taxes, but because an owner, without office and staff overhead, is a more efficient operation.
4. Because accommodations are less expensive, guests can stay on the islands longer, helping enrich sales of other businesses, ie: restaurants, shops, and activities.

I would also, as an owner, be concerned that the property manager might not pay the taxes. As owner, I am still responsible to see that they are paid. Our previously licensed real estate agent, who we rented through, before he went broke and left the island, was a wonderful man, and eventually did make good on the rents he owed us. This does not give me confidence however. I know the taxes I collect and owe. I know I will pay them promptly when due since they are in a separate savings account so they can be immediately accessed when I complete my GE & TA tax forms every six months.

The 4 years 2005 through 2008, with a rental agent, averaged \$1,315 per year GE & TA taxes.

The 3 years 2009 through 2011, using VRBO, averaged \$2,013 per year GE & TA taxes.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Judy Cash

Organization: Individual

E-mail: [judycash@comcast.net](mailto:judycash@comcast.net)

Submitted on: 2/24/2012

Comments:

I am opposed to this measure. We own a family condo on Maui and we do the renting ourselves. WE have someone in Maui to take care of repairs and any other problems that may come up for a renter. We do not need a Management Company to do this for us and it would cost us a lot of money that would require us to greatly increase our rent. We are just breaking even right now which is all we have ever done. If we start losing money we will be forced to sell this condo.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Robert Rubin

Organization: Individual

E-mail: [rmalibu@charter.net](mailto:rmalibu@charter.net)

Submitted on: 2/24/2012

Comments:

I do not support this bill for the following reasons:

SB-2089 is illegal/unconstitutional. Attach the law firm's letter to  
faxes and testimony

\* HB 1707 has already been defeated in the House because of its  
illegality. Please follow suit with SB-2089

\* SB-2809 will cost Hawaii tens of million of dollars in lost TA/GE taxes

DAMON KEY LEONG KUPCHAK HASTERT  
A LAW CORPORATION

February 21, 2012

Attorneys at Law

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**HAND DELIVER**

The Honorable Marcus Oshiro  
House of Representatives  
415 South Beretania Street  
Hawaii State Capital, Room 306  
Honolulu, Hawaii 96813

Re: HB 1707 HD 2

Dear Representative Oshiro:

We represent the Hawaii Vacation Rental Owners Association (“HVROA”) in opposition to House Bill 1707 HD 2, which purports to require non-resident owners of residential units to hire licensed real estate brokers or salespersons when renting their homes for thirty (30) days or less.

Bill 1707 is patently unconstitutional discrimination against non-resident property owners by the State of Hawai’i, in violation of the United States Constitution. The Constitution prohibits discrimination against non-residents through the Equal Protection, Privileges and Immunities and Commerce Clauses. It is well-settled law that the right to own and dispose of privately-held property is a “fundamental right” for purposes of the Constitution. *Daly v. Harris*, 215 F. Supp. 2d 1098, 1101 (D. Haw. 2002) (Honolulu’s Hanauma Bay non-resident fee ordinance). Under the Equal Protection and Privileges and Immunities Clauses, discrimination on the basis of residency is reviewed under strict scrutiny. The statute is unconstitutional if it is not necessary to further a compelling state interest. *Walsh v. City and County of Honolulu*, 460 F. Supp. 2d 1207 (granting injunction against Hawai’i’s residency requirements). In fact, the Hawai’i Supreme Court has held that Hawai’i’s durational residency requirement “exists without a rational basis.” *York v. State*, 53 Haw. 557, 561 (1972).

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DAMON KEY LEONG KUPCHAK HASTERT  
The Honorable Marcus Oshiro  
February 21, 2012  
Page 2

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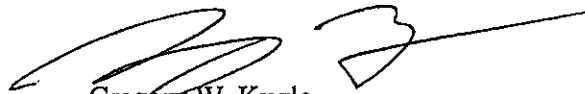
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In addition to these insurmountable constitutional infirmities, the Bill has many other fatal flaws. It impermissibly infringes on the four Counties’ home rule powers, each of which can differently define transient accommodations for purposes of their zoning laws. In addition, property owners are statutorily exempt from using a licensed realtor when renting their own property. Even the State’s own agencies oppose the Bill, including the Real Estate Commission and the Regulated Industries Complaints Office.

For the foregoing reasons, and others, HVROA respectfully requests that HB 1707 not be passed.

Very truly yours,

DAMONKEYLEONGKUPCHAKHASTERT



Gregory W. Kugle



Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Chris Bradley

Organization: Individual

E-mail: [seavillagecondo@yahoo.com](mailto:seavillagecondo@yahoo.com)

Submitted on: 2/24/2012

Comments:

I would like to voice my opposition to HB 2809 I am an owner of a condominium in Hawaii that I rent through an internet listing. I have on island emergency contacts that can support the needs of my guests. I have no and my guests have no fiduciary relationship with these contacts and requiring them to be licensed by the state would be pointless and unnecessary and cause a needless financial hardship.

The committee report submitted by Rep Kim suggests that this bill is not about management at all but about taxation.

I have yet to see any testimony that the current system is having an adverse effect on tenants renting property from non-resident owners. I have read letters in support of the bill from real estate management companies that allege private individuals are incapable of managing their properties and that the proliferation of self managed properties has resulted in losses of millions of tax dollars from failing to report rental revenue.

It would stand to reason that as owners turned to self management by listing on the internet and fail to pay their taxes that there would be a significant drop in tax revenue. The numbers as to tax revenue are public information and revenue from both General Excise and Transient Accommodation are up significantly in Hawaii. It is both unnecessary and unfair to require a licensed real estate agent to collect rent and manage the property of a non-resident owner. In recognizing that rental of a private residence is treated by the department of taxation as a "business activity" I would suggest that there are issues of legality in creating a system that restrains the trade of one class (non-resident property owners) and financially benefits the real estate industry without any verifiable need. The Sherman Anti Trust Act comes to mind. The real estate industry then in effect becomes an agent of the government to collect taxes. This is not taxation in a consistent, fair and uniform manner.

I would further suggest that an act as simple as requiring the name of the owner, address of the location to be rented and the owners State of Hawaii Department of Taxation tax license number be required information on any advertisement, solicitation for rental of, or internet listing for either transient accommodations or long term rental property would serve the needs of the Department of Taxation. There is currently in place a system in which the license status can be verified on line by anyone. This solution would cost no one a dime, would be fair to all and would force accountability to those who advertise their property and fail to comply with licensing laws.

Thank You  
Chris Bradley  
Chino California

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Ken Peters  
Organization: Individual  
E-mail: [kenp@bigislandhost.net](mailto:kenp@bigislandhost.net)  
Submitted on: 2/24/2012

Comments:

Aloha honorable committee,  
It would seem more practical to require that any rental offered for less than 30 days prominently display their TAT tax number in the advertisement. Requiring owners to experience inferior bookings (property managers do not aggressively obtain rentals as an owner does) and be forced to pay 25% - 40% to those "managers"; can only be detrimental to ownership and tourism in Hawaii. Present law requires payment of taxes, a new law to force owners to use a "property manager"; is not needed. It is more prudent to enforce the present laws.

Even a "vacation rental"; registration with a reasonable fee of say \$50 dollars would be sensible, and provide the name (taxpayer) of the owners engaged in short term rentals, with a requirement that the registration number be displayed in all advertising. This would improve the collection of taxes due (if indeed there is a shortage) and place the collection of taxes as a priority, not forcing individual owners to use a "manager"; and pay fees to a "manager"; that they perhaps already had bad experience with.

Mahalo

Ken Peters

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Kathleen Chiocca

Organization: Individual

E-mail: [kchiocca@yahoo.com](mailto:kchiocca@yahoo.com)

Submitted on: 2/24/2012

Comments:

As a long time visitor and renter on Maui I am very much opposed to this measure. If rental rates were to increase by 25 - 40%, which may be the fallout if this bill passes, we would probably be considering other beautiful places to visit that are more affordable for the average visitor!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Gary Skardina  
Organization: Individual  
E-mail: [partnersinparadise@verizon.net](mailto:partnersinparadise@verizon.net)  
Submitted on: 2/24/2012

Comments:

February 21, 2012

Senate Finance Committee  
Via Hawaii Legislature Web Site Testimony

RE: SB -2089—VOTE NO

Dear Senate Committee Members,

I am writing to voice my opinion regarding the Senate passage of SB-2089. This is an extremely flawed bill that illegally discriminates against off island non-resident vacation rental owners. If it's purpose is to collect GET taxes then why are resident owners exempt? Don't they need to pay GET and TAT taxes too?

The premise is that off island owners don't pay GET taxes are incorrect. Every month for the past 8 years I have collected and paid TAT and GET taxes (and I'm off island). What in this Bill would make ON ISLAND resident owners pay their GET & TAT taxes? Nothing and that's discrimination.

Requiring a third party (Realtor) to collect on an off island owner's rental is illegal as the law prohibits having to pay someone to pay your taxes for you (which is in essence what this Bill mandates).

If passed, this bill will KILL off what remains of the Hawaii Tourism business and is the most reckless legislation I have ever read! Requiring a licensed Maui realtor be involved cuts into approximately 40% of our revenue and will make the investments worthless. As an owner of multiple vacation rentals in Hawaii, our condos create a LOT of jobs for Hawaiian residents. All the owners I have discussed this with are ready to sell their property if this passes.

Please don't be the one to put the nail in the Hawaii Tourism coffin. I beg of you to immediately VOTE NO on this Bill and give Hawaii and the tourism industry a fighting chance in this tough economy.

Mahalo,

Gary Skardina  
Partners In Paradise  
Maui Vacation Rentals  
310.374.6801

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Terry Gardiner  
Organization: Individual  
E-mail: [tgardiner@intergate.ca](mailto:tgardiner@intergate.ca)  
Submitted on: 2/24/2012

Comments:

## **Business in Vancouver**

**Feb 21<sup>st</sup> 2012**

### **Real estate roundup: Peter Mitham**

#### **Trouble in paradise: investor storm brews over proposed Hawaiian legislation;**

Vancouver investors are speaking out regarding a move by Hawaii's legislature to nix self-management of vacation properties in the state.

Bills before both houses of the state legislature would require investors to contract out management of properties for fees that range between 25% and 45% of property revenues. The bill's ostensible goal is to curb alleged tax evasion, but investors such as North Vancouver real estate agent Terry Gardiner say the proposed legislation would limit investors' freedom to choose how they manage their properties.

Gardiner bought a one-bedroom unit in Honua Kai, a development by Intrawest spinoff Playground Destination Properties Inc. just outside the town of Lahaina on Maui in 2011. Weighing his options between Intrawest's rental program, which would take 45% of his revenue and local options that would charge between 25% and 35%, Gardiner opted to manage the suite himself. Rentals are arranged through Vacation Rental by Owner, a service operated by Texas-based HomeAway.com Inc. Contractors in Hawaii service the suite for him. Gardiner is licensed as a business in the state and pays his taxes regularly. And he doesn't see why he should have to pay someone else to do everything he's already doing.

"What these laws will do is force me to use a property manager in the state of Hawaii," he said. "I'll have to start budgeting for 35% to 45% to come off the top, which at the time I made this investment decision was not even in the wind."

Bills before the state legislature define “nonresident owners” as any owner “who resides on a different island from the property or out-of-state and who rents or leases the property to a tenant.”

A review of the legislation by a state senate committee notes that regardless of the tax implications, the lack of a licensed property management company overseeing suites leaves “guests vulnerable in the case of emergencies or natural disasters.”

But Gardiner isn’t buying it, especially given efforts by the U.S. Congress to introduce a visa that would allow investors buying \$600,000 or more in real estate to spend more time in the country. Hawaii, by contrast, seems to be discouraging investment.

“Can you imagine if they brought in a bill in Vancouver that said you had to use a realtor and MLS to sell your property, that you couldn’t go for sale by owner?” Gardiner asks. “It’s ridiculous. This is the same thing.”

Many investors in Honua Kai and other Maui vacation spots hail from Vancouver, and Gardiner believes the little-known legislative measure could have a significant impact. He is holding off on further investments in Honua Kai until the state decides what it’s going to do.



Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Margaret Baker

Organization: Individual

E-mail: [margy\\_baker@yahoo.com](mailto:margy_baker@yahoo.com)

Submitted on: 2/24/2012

Comments:

I have rented properties from several nonresident owners in the past, and they have always collected the state tax. If they are required to hire property managers, the cost of the rentals will undoubtedly be higher, and added costs will certainly negatively influence my decision to visit the islands.

Regarding SB 2089  
Testifier position: Oppose  
Testifier will be present : No  
Submitted by Russ Holowatuk  
Organization: Individual  
Submitted on 2/25/2012

I feel that this bill will create a major hardship on property owners. It will force them to increase the rental fees which will hurt the tourism industry in Hawaii because people will look elsewhere for their vacations at lower price. I am from Canada & this year will be the 5th time that we will have been to Hawaii. We do like Hawaii but the cost has always prevented us from going more often. If prices increase, we will just have to look elsewhere. When talking to people here, it is always the higher cost that keeps people dreaming about Hawaii instead of going.

Russ Holowatuk  
Yorkton Saskatchewan  
Canada

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Ronald Bridges  
Organization: Individual  
E-mail: [bridgestoparadise@shaw.ca](mailto:bridgestoparadise@shaw.ca)  
Submitted on: 2/24/2012

Comments:

Dear Senators;

My name is Ronald Bridges and I am a non-resident vacation rental owner and I oppose this bill for the following reasons. As a vacation rental owner we provide accommodations for tourists that wish to visit this lovely state. I am sure you have heard about SB 2089 and HB 1707 which is to say the least will cripple the tourist industry in Hawaii. If we are forced to use a real estate salesperson for the collection of fees and taxes and then file same on our behalf for a fee of 25% - 40% of the total fee. This would equate to a 25% - 40% increase in rental rates for the tourists. We must remember that the cost of airfare to Hawaii is already stopping some would be vacationers, and the ones that are coming cannot afford a 25% - 40% increase in condo rates. This bill brings some questions forward such as, why do the fees go to a real estate salesperson, should they not go to an accountant if they are to go to anyone other than the owner. I have owned my condo for 4 years and I have always paid my taxes, why am I being punished if there are some owners who have not. Or is this bill just to give the real estate people their own cash cow because the real estate market is slow. There are laws in place to punish those who evade taxes, why make new laws to punish the law abiding tax payers. Speeding is a criminal offence but we don't force all to sell their cars and ride the bus. No, we enforce the law and punish the offenders.

It is my opinion that if this bill passes The State of Hawaii will join the list of states with a collapsed real estate market. This will be due to the fact that our business cannot survive on a 40% increase to our customers. We are in a recession, people are hurting, so they save all their pennies for the vacation of a life time and Hawaii wants to tell them, I am sorry but the cost of a vacation in Hawaii has gone up 40% maybe you should think Mexico. Let me clarify my opinion on the possible real estate collapse. If this bill passes I will be forced to sell and I have talked to many other owners and they have also said they will have to sell. If we all have to list our properties for sale, there will be a flood of properties on the market which in turn will relate to the real estate values falling. When real estate values fall the property tax also goes down because the property tax is based on property values. Ultimately there will be less income for the state. Once I place my property for sale, I will take it off the rental market, which means one less tourist family will have a place to stay which will result in less tourist dollars in Hawaii's economy. I will change the category of my property at the property tax office from Vacation rental to owner occupy, which means my \$2000 yearly tax bill will be down to a couple of hundred dollars, which results in a loss of \$1800 to the tax department. I employ a couple of cleaners and a general contractor, well I will not be requiring their services anymore, so we have now created unemployment. Last year I paid over \$3000 in General Excise Tax and Transient

Accommodation Tax, which will be gone from the state tax department. I am only one owner with one condo and I am sure you can now imagine what the impact to the state will be when thousands of non-resident owners say Hawaii doesn't want us to do business there, maybe we should think of helping on the main land. The overall effect will be huge.

Lastly this bill is unconstitutional. It discriminates between non-residents and residents, as this bill is only attacking the non-resident owners. We all pay the same taxes but we are being singled out. I get the feeling that the state can't trust you unless you live here full time.

I invested in Hawaii because I love the state and I never want to see it change. I wanted to help the economy by supporting the tourist industry. The tourist industry is what drives this state and now with this bill they are going to drive it into the ground and collapse tourism. I have talked to some diehards and they say it can never happen in Paradise. Well did the states that are in trouble now know what was in store for them...No I don't think so or they would have tried to stop it. This is Hawaii's chance to step forward and be a leader and protect the tourist industry and the non-resident investors who by investing showed confidence in the state. We are non-resident investors and we are here because there are not enough residents to purchase all this property.

I had my property handled by a management firm and this is what I experienced. The management company would purchase items and tell me they were for my condo when I did an inventory the purchased items were not there, when I questioned where they were I was told they must have been stolen so I have to purchase more. Later I discovered the management company would purchase items and place them in someone else's condo. I was paying for cleaning to this management company and all I did was receive complaints about the cleaning. When cleaners would be sent back in, I would be billed again. This is why I cannot trust these people. If your own business was mismanaged as mine was, I am sure you would have fired them too. There was a friend that rented his condo through a management company and he was talking to a fellow resident when he was told that his condo was renting very well. When he contacted the management company they told him it was not being rented. He flew to Hawaii and discovered someone in his condo. The people said they had rented from the company, when he called the company they stated they had not rented the unit. The management company was renting the unit and keeping the money and not filing the taxes. These are the type of people you are wanting me to turn our business over too.

Senator I am asking for your support in stopping this bill and saving Hawaii's tourism and ultimately saving Hawaii. Let's start enforcing the laws that are already there rather than making new ones. Mahalo for being allowed to voice my opinion and my concerns.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Fred Diercks

Organization: Individual

E-mail: [39fredd@comcast.net](mailto:39fredd@comcast.net)

Submitted on: 2/24/2012

Comments:

We have utilized three management companies in the past with great dissatisfaction. We quit them all. For the last five years we have had our own on-island cleaning company and repair man who are reliable and trustworthy. In addition, with the management companies we could not verify thier financial collections. Your bill takes control of our personal business out of our hands and that is undemocratic.

Dear Committee Chair Senator Rosalyn H. Baker and the Commerce and Consumer Protection Committee,

Let us first say that we understand the need for the State of Hawaii to collect the taxes that it is owed. However the current legislation SB 2089 seems to us to have inherent problems and we are asking that you oppose this bill:

- 1) On August 1, 2010 we purchased a condominium on the Big Island that we use as a second home (where we plan to retire to) and vacation rental. We have created a very successful and legitimate business. Originally when we started our business we applied for and received a General Excise Tax License and Transient Accommodations Tax Certificate of Registration from the state of Hawaii. We pay our Transient Accommodations and General Excise Tax monthly (we have never paid late) and we have completed the Hawaii State Tax Return for 2010 and will do so for 2011.

Given that we are operating a legitimate business it does seem unjust that the State of Hawaii might determine that we can't manage our own business. That does not seem like the American Way.

- 2) We are concerned for any legislation that would hamper the housing recovery. From our vantage point we believe this legislation would push more homes/condos into foreclosure. For a person to hire a property management company, 25% to 40% of the rental income would go to the property management company. For many people that increased cost would push them into foreclosure. Our complex only has 20 units and one is already in foreclosure. The increase in foreclosures would reduce property values. So would the reduction in potential rental income.

A byproduct of the reduced property values would be the reduced property tax that the State of Hawaii is able to collect.

- 3) We also question the assumption that someone who lives on the Island where their rental property is located is more likely to pay the Transient Accommodations' and General Excise Tax. We are not sure that is the case and the way the current legislation is written seems discriminatory.
- 4) We also want to address the quality of service issue. There seems to be a belief that you will receive far superior service if you have a property management company to rent from rather than renting from someone who lives off Island. As we noted before we have owned our condo for only a year and half. During that time we have never had a week vacancy. We have great reviews from our guests, return business and lots of referrals. Our complex has a resident manager and we have a fabulous on island contact that we pay to immediately address our

guests concerns and to inspect our condo after each guest leaves and new guests arrive. My husband and I are also available by phone or email for our guests.

There are a number of condos in our complex managed by property management companies. When we have been staying at our condo we have meet several disgruntled guests who have rented from those companies. Good service is not guaranteed just because you rented your vacation rental from a property management company. As we advertise through web sites we can only afford to have good reviews. One bad review and our business would suffer dramatically.

Given the above it seems to us that there should be a better way to address this problem. In the least, legitimate business like ours should be able to have an exclusion from having to use a property management company. There should be some way for the State of Hawaii to increase the number of businesses that pay the Transient Accommodations and General Excise tax without taking away the right of licensed and tax paying business owners to manage their own properties.

We are partners with you in the Hawaii Tourism business and future permanent Hawaii residents. We want Hawaii to be financially sound and to receive the tax income that it is owed. However we feel strongly that SB 2089 is not the right means to that end.

Thank you for your time and consideration,

Janice Townsend

2/23/2012

Dear Legislature,

I just learned about SB 2089 2 days ago and I am outraged by this government effort to take more money out of the pockets of property owners. My wife and I own a condo on Maui (lease hold) and live in Los Angeles. My wife Lisa is constantly working hard to book our unit with vacationing guest. They always stay for less than 30 days. In the past we have tried to have "on island experts" book our condo but when we did it sat empty. We pay our GE and TA taxes on time and are an asset to Hawaii tourism. For the past five years we have run this "business" at a loss and are living month to month.

Given the state of the economy and the rate of bookings we receive we cannot afford to insert another person into the process that will drain yet more money away from what is already a losing investment.

If you care about helping the real estate market (we are down 50%) recovery and about the many "mom and pop" property owners like us, that help support healthy tourism on the island, I encourage you to vote NO on HB 1707 and SB 2089

Sincerely,

Curtis and Lisa Fornadley

Redondo Beach, CA



Dear Committee Members,

I am an attorney licensed in the state of North Dakota. I am also a proud vacation property owner on the island of Maui. I successfully rent, manage, and remit taxes for this condo, which tourists happily return to year after year.

I urge you to "just say no" to both SB2089 and HB1707. It is my legal opinion that these bills would result in unconstitutional burdens on private property rights. Neither of these bills would likely stand up to a legal challenge in courts, and thus is a waste of Committee time and taxpayer's dollars to pursue passage of either one.

Moreover, these restrictions would significantly lower property values and would result in property owners no longer having the revenue to make their mortgage payments. Think of the "ripple effect" of disaster that will hit Hawaii's just-rebounding economy if the vacation property owners defaulted on their loans and tourists quit coming due to inevitable higher rental prices. Lower property values and lower rental income also would dramatically affect property taxes and GE and TA tax revenues, resulting in more deficits at both the county and state levels.

Sincerely,  
Leah K. Coghlan  
phone (701)667-4605

Dear Legislators,

I am writing you in regards to SB 2089 and HB 1707 .

My family has a property on Oahu. It has been in our family for 80 years. When family is not there, we have opened the property to rentals. We do this ourselves. We employ gardeners and a cleaning crew and pay the required taxes. We have employed property managers before and had a poor experience.

We know the property intimately and we have a roster of returning guests who love the property as much as we do. We (and they!) take very good care of it because it is very important and personal to us.

Property managers are removed from the touch of the land and become only concerned about filing out statements and billing and making sure they have their slice of the pie. they have no connection beyond an address.

Please refer to the letter in the below which documents the poor legality of these bills and their likely deep pockets of their sponsors.

<http://dl.dropbox.com/u/18145193/Legal%20opinion%20-%20Ltr%20to%20Rep%20Oshiro.pdf>

This legislation will dramatically hurt the entire Hawaii tourism and real estate economies for these reasons:

1. It allows more government intrusion into the financial investments of individuals.
2. Forcing owners to only rent through agents will drive up rental rates.
3. It introduces a "Middle-man" to the rental process.
4. Only a special interest will benefit from this law, that being the agent that will collect the rents. .
5. Many new buyers considering a second home or income property will not purchase one, since they will not be permitted to self manage. They will invest in other markets.
6. Since there will be fewer buyers, real estate prices will fall.
7. Falling real estate prices will result in more negative equity.
8. Falling prices will also result in more foreclosures.
9. If this bill becomes law, many of us will be forced to sell our properties on an already depressed housing market. There will be fewer rentals available, rates will increase, and tourists just might decide to vacation elsewhere.

There are other ways to ensure property owners pay their taxes and keep their homes safe and beautiful for their guests. Existing information on the Internet (VRBO and Homeaway among others) can be used to verify owners and properties are in compliance with tax laws and building/occupancy codes.

Thanks  
Eric Hansen

February 23, 2012

Re: SB2089

To whom it may concern,

I am writing in strong opposition of SB 2089. I am a non-resident owner of a single condo in Maui. I have been renting this condo for two years on VRBO. This is the first year I made a profit - \$2,000 in total. I have paid my GE and TA taxes on time and every quarter. My tenants have been extremely pleased to deal directly with me. I have been on call to them 24 hours a day if needed and also have an on-island representative who can be reached in case of emergency. She lives a block away from the condo. During the 2011 tsunami I was in touch with my tenants several times to assure their safety and that they knew what to do and where to go.

If I am forced to turn my small business over to a property rental management company I will be forced to sell it. I cannot afford the additional 18-21% in fees on top of the taxes, the HOA payments, the high cost of electricity, etc. My tenants have told me they could not afford the increase in rents caused by these additional fees and would not return to the island. I do a diligent job of bringing people to Maui who would not necessarily be able to afford to come. Not that I am undercutting the rates of the other agencies either. I have priced my condo based on information I received from a friend who works for a property management firm. I am NOT in this business to make money. I have a great job here in California. I intend to retire to my condo in Maui in 5 years. In the meantime, I need for it to pay for itself, which to date it has done. I cannot afford however, to subsidize it, in order to subsidize the rental management agencies.

I find it very difficult to understand how this bill will capture the lost tax money from those who are renting illegally, either without a business license or without paying taxes. Surely it is not expected that they will suddenly show up at a management company office and ask for that company to start renting their units for them. If you can't find these scofflaws now, how do you think this law is going to help you find them? It won't. That is very clear. What this law will do is put out of business individual small business owners like myself.

There are many ways that the state could track down who is renting and who is not. In the testimony at the HB1707 bill today, it was said that the state is not in the business of web-crawling. It is a shame that the state is willfully choosing to stay in the dark ages. If you truly want information on who is renting and not paying taxes, that information is readily available online. Every person with a VRBO account has a calendar, their rates listed, how much tax they collect, their personal contact information and in some cases, their photograph. It would probably take at most a week or two to collect data from all of the Hawaii rentals and then match it against tax rolls to see who is paying and who is not. If the state can't take on this investigation, it could be hired out to a data consultant. This would give you the names and addresses of the people you need to be finding and collecting taxes for. But, since there is no interest in doing this, it appears that the true reason behind this bill is something else entirely.

To address what I think is at the heart of this bill, I would also like to include responses, written by a colleague and fellow non-resident owner, to two of the issues that were brought up in the House Finance Committee meeting re: HB1707, which has the same intent as SB2089.

- A claim was made that the internet is ruining the property management industry. The rental market is dynamic, competitive and responsive to innovation and technology. If property managers in Hawaii are unable to compete with these new entrants, then they need to reduce their 30-50%+ fees. Hawaii state legislators have no business interfering with the natural causes and effects of an efficient marketplace, particularly when it amounts to a restraint of trade to create a monopoly for a small minority.
- The property managers claimed, without providing hard evidence, that independent owner-operators undercut their nightly rates by "1/3." Again, it is not the role of state legislators to interfere with competition in the marketplace. If it is, then perhaps corner grocery stores should lobby their representatives to enact legislation to force consumers to buy milk from them rather than Costco?

I don't believe it is the State or any governmental agencies job to control competition. This is what the rental management agencies are asking you to do for them. It would be a grievous misuse of power to take this step.

I urge you to reject this bill, go back to the drawing board and find an honest and diligent way to find those who are skirting their taxes without penalizing those who are paying them.

Thank you for your time.

Sincerely,

Marsha Vaughn  
Kihei Garden Estates  
Kihei, Maui, HI

Gayle Larson  
2295 Hamilton Ave.  
North Bend, Oregon 97459  
[gaylelarson@me.com](mailto:gaylelarson@me.com)  
541-297-1249

February 22<sup>nd</sup>, 2012

To the Senate Committee on Commerce and Consumer Protection  
Hawaii State Capitol  
Chairwoman Rosalyn H. Baker  
Senate Committee on Tourism  
State Capitol, Room 230  
Honolulu Hawaii 96813

**Re: SB 2089/OPPOSE**

Dear Chairwoman Baker and Committee Members,

This testimony is in **opposition to SB 2089**. A little over a year ago, my husband and I purchased a vacation condo in Kihei Maui. Our complex is has 113 units and we are grateful to be in a position to have purchased a vacation condo in beautiful Maui. After our condo purchase last March, we obtained a Hawaii Tax ID number, reviewed the mandatory Transient Accommodation Tax (TAT) and General Excise Tax (GET). In addition to this, we have an on-island emergency contact for repairs and problems should they arise. Additionally, we have a cleaning service. Both the general contractor and cleaning service are independent small business owners and we are grateful to support small businesses and for the services they provide.

At this time, we elected to utilize the onsite property manager. In addition to the TAT and GET paid for every guest rental, **the following are monthly expenses to the property manager**: 1) Rental Fee, 2) Management Commission. **Quarterly expenses**: 1) Quarterly TAT/GET Filing, **Annual Expenses**: 1) Annual GET and TAT Filing. So, in addition to the TAT/GET, rental fee and management commission, there are **quarterly** and **annual** fees for filing the TAT/GET.

As a property owner I **strongly oppose SB 2089** because if this measure passes, this severely limits my options. Measure SB 2089 effectively removes my rights to manage the rentals and the affairs (i.e.: Rentals/GET/TAT/) of my property. Furthermore, this bill discriminates against me and implies I "need a big brother watching over me" but yet in the end, I am the one responsible to pay and file my taxes. If there is a mistake by the property manager, the property manager is not responsible, I am. As recent as two months ago, there was a serious error on a monthly statement. After inquiry to the property manager and the accountant, it turns out the software application is 20 years old. Who uses accounting software 20 years old? Needless to say, this information made me feel quite uneasy.

Because I am only one year into owning a vacation rental condo, I am seeing how things go with working with the onsite property manager. But, if it does not work out to my satisfaction, I would strongly consider managing the rental of the condo myself and paying

the customary TAT and GET. Over the past year, I have spoken with many owners at our condo complex that manage their own condo rentals through VRBO, as an example. In speaking with some of the owners that do this, it is in part because the owner has more control over bookings, in another case there was a conflict with the onsite property manager and the consequence to that owner was decreased bookings in that unit. Consequently, the owner elected to manage the bookings and customary tax collection.

As of now, the current onsite property manager, manages 60 of the 113 condos. It's unclear how the property manager places what guests into what units. I'm at the mercy of the property manager to occupy my unit. Even though I own my unit outright, the annual expenses are about \$15,000 per year. What if the property manager gets upset with me or I get upset with the property manager? Will there be retribution and my unit won't get booked? What limits the property manager from raising their commissions and fees to the owner? How will that be regulated? Under this measure I would have to find another property manager. Due to the restrictive nature of SB 2089, this limits my option to manage my vacation condo and follow the very clear TAT and GET as set forth by the State of Hawaii, Department of Revenue. SB 2089 gives all power and control to on- island property managers. Furthermore, we did not purchase our condo to make money. Our goal is to meet expenses and over time transition to being in Maui 3-4 months per year.

Measure SB 2089 seems is punitive and beyond extreme. It seems that the Department of Revenue and Tax could easily review property owner records and determine who is not paying the TAT and the GET. Furthermore, measure SB 2089 restricts what free markets are designed to do and that is to create competition.

This type of restrictive measure, can affect overall tourism, decreases free market competition and create adverse consequences if a homeowner has a conflict with a property manager. Furthermore, property managers are not regulated on commission and rental fees. Simply put, measure SB 2089 creates unfair restrictions and discriminates against off island property owners.

Respectfully Submitted,

Gayle Larson  
Condo Owner  
940 S. Kihei Rd. Unit D 101  
Kihei, Maui 96753

As a non-resident owner of a vacation rental property, I strongly oppose SB2089. This Bill would increase the costs of owning and operating short term vacation rentals. By increasing the cost of ownership, potential property owners will be discouraged from purchasing vacation properties. Current owners may not be able to turn a profit and property values will be negatively impacted. We pay our taxes. Don't penalize law abiding owners by increasing our management costs.

Respectfully,  
Mike Imler

Michael A. Imler  
First Vice President  
Senior Financial Advisor  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
*Bank of America Corporation*  
10500 NE 8th Street, Suite 750  
Bellevue, WA 98004  
(425) 467-4924  
(800) 760-4996

[michael.imler@ml.com](mailto:michael.imler@ml.com)

If this passes, it will kill tourism. If I have to add licensed property management fees to my rental, it will not be affordable.

Richard Powers  
9580 Stablegate Road  
Wilton, Ca. 95693

(916)685-1305

(408)595-4929



If my lodging costs increase by 25%, you can count me out for visiting Hawaii.  
Ted Backmann

State Legislators,

We oppose the current bill regarding the requirement that all condos currently managed by owners have managers. Our experiences have been wonderful, and if costs were to rise because of this new legislation, we would look at other options or simply continue to go to Mexico.

Thank you,

Allen and Sandra Glenn

To whom it may concern,

I have visited Hawaii several times with my family and I love it. I would love to come back again. However, if you force property owners to use a property manager, effectively increasing the price of my stay by 25% to 40%, I will be encouraged to re-think my visit and spend my vacation dollars in a different place. Hawaii is a fantastic destination, but it is not the only place vying for my vacation dollars. Please don't hurt your taxpaying residents and property owners this way.

Best regards,  
Teresa Bellock

**Have the Hawaiian legislators fully thought through the repercussions of SB 2089 if it becomes law? By forcing me to pay for an on-island management company/realtor to manage my rentals, you are completely destroying me and my business (and many others like me). I completely oppose this law and when you think long and hard about how it may effect Hawaii's economy, I am confident you will realize it is NOT the answer. This law takes away my freedom of choice. And it discriminates between residents and non-residents.**

I love Hawaii and have been going there since the early 1970s. I purchased 2 vacation rental homes in 2004 on the east side of the Big Island, and have had them as successful vacation rentals since then. I have lots of satisfied and repeat guests. If I were to depend on one of the East Hawaii vacation rental management companies to keep my homes booked, I would not be nearly as booked as I am by doing it myself. I LOVE what I do, and now you are trying to take it away from me. I paid the state of Hawaii over \$10,000 in TA taxes in 2011. My homes are affordably priced (not like the very expensive West Hawaii properties). I employ a wonderful, hardworking Hawaiian couple who take care of my homes as if they were their own. You don't think a management company will do that, do you? And I pay them nicely! A win-win for both of us. I know many mainlanders who have Hawaii homes and do exactly what I do because we LOVE Hawaii. Why are you trying to force us to go through a management company when what we do completely benefits the state of Hawaii and tourism. And we are completely abiding by the current TA & GE laws. If this law goes into effect, the repercussions will be most unfortunate for the state of Hawaii. You will see more foreclosures, more homes for sale in an already depressed real estate market. This law if enacted is taking away my rights as a homeowner to know who is in my home. When I rent my home, I may not physically meet my guest, but by the time I have made the reservation, we have had many emails, phone conversations, etc. Why would I spend 40% of my gross to do what I can do myself and I enjoy doing?? I won't do that and lots of others won't do it either, and so we most likely will be selling or losing our properties. You will find that most property owners who do their own bookings off island (like I do) truly care about their homes and Hawaii and their guests. This is the reason we have chosen not to use a management company. We continually make improvements on our homes (I recently added solar panels to one of my homes).. **This law if passed will mandate me to trust a management company with my homes, my guests, and my money.** I'm sorry, but I trust myself and from what I have seen, this is the only way to go. **If you see who is behind this law, it is the Hawaii management companies who are now not able to make ends meet because homeowners (both resident and non-resident) have decided that they can book their own homes, hire their own on-island help, and do things much more efficiently than the property managers. The competition has become too hard for them to handle, so they think by disguising this as an unpaid tax issue, they can force non-residents to hire them to manage our money. Bottom line is, competition is good for the economy. These people are not changing with the times and the fact that the internet has made it possible for homeowners (both resident and non-resident) to rent their homes. No other state has such a ridiculous law taking away the free choice of homeowners to manage their own property.** The proponents of the law also imply that non-resident homeowners are not reporting their income from these rentals. Where are the facts to substantiate that?? I rent my homes, report my income, and pay my taxes, as I bet most people do. And those that don't, the department of taxation should find. But by punishing me when I do the right thing - promote tourism, rent nice homes, and pay my taxes, this will not solve Hawaii's problems.

**SB 2089 is WRONG and not the solution to Hawaii's problems. The non-resident vacation homeowner is one of the state's assets. Who is promoting this insane legislation? It must be the Hawaii realtors ??**

If it is about not paying taxes, there are already ways to find out who is not paying taxes. And I would imagine there are about an equal amount of cheaters that are residents as non-residents. Enforce the laws that are already in effect. **Don't pass new laws that will ultimately hurt your state, which this bill most certainly will do.**

*Pat Starkie*

[www.bigislandhawaiiivacationhomes.com](http://www.bigislandhawaiiivacationhomes.com)

805-225-1552

805-234-4166

Quite simply, without VRBO, my family and I would have not gone to Hawaii for several summer vacations due to cost.

Bruce Perilloux

Hi - I have become aware of SB 2089 and am quite concerned about the effects on the condo rental market. I want you to understand that if renting a condominium unit in Hawaii became 25%-40% more expensive, I would have to consider not vacationing in Hawaii. We enjoy our time in Hawaii and have always paid taxes as part of our rental. Please oppose the bill.

Regards, Scott Wolfe

**Scott N. Wolfe**

**LATHAM & WATKINS** <sup>LLP</sup>  
12636 High Bluff Drive, Suite 400  
San Diego, CA 92130-2071  
Direct Tel: (858) 523-5405  
Fax: (858) 523-5450  
E-mail: [scott.wolfe@lw.com](mailto:scott.wolfe@lw.com)  
[www.lw.com](http://www.lw.com)

I would like to say that we have had a wonderful experience renting from owners. We have done it for 30 years, have not had one bit of trouble. We will have to reconsider if you change the policies for vrbo owners and people who rent to us directly, please please reconsider the bill. thank you, Mitzi Psrakis

To Whom it May Concern:

My family recently visited Kauaii this past December. We rented a Condo in Princeville that we found on VRBO. It was a beautiful place to stay and because the cost was so reasonable we were able to stay in Hawaii for a much longer time and to do more activities while we were visiting. The other commercially managed homes/condos that we checked into were 25-50% more expensive for the same amenities. We loved our vacation in Kauaii so much that we plan to return as soon as possible but if we were forced to pay that much increased cost we would be forced to rethink vacation plans and to go somewhere more affordable. Airfare to/from Hawaii and food costs are very expensive and if housing rentals increase by such a drastic amount we definitely would plan to vacation elsewhere.

Renting from an owner was a wonderful experience. It was far more pleasant working with an owner than when I tried to work with a commercial property manager. Plus taxes were included in the rental fee!

Thank you.

Sincerely,

Beth Dickson



Aloha,

WE OPPOSE SB-2089

From a renters perspective, we believe the passage of SB-2089 will have an adverse effect on the Hawaiian economy. The fees imposed on the property owners by SB-2089, will eventually be passed on to the renters. Property owners are already faced with record high taxes, record high utility bills, and can ill afford the added expenses associated with HB-1707. The property owner will have no choice but to pass the added cost to property renters in the form of higher rents. High rental rates are already discouraging return renters, as well as renters for the the first time. Higher rates will only exacerbate the situation, causing more vacancies with more lost revenue. In the best interests of Hawaii, we strongly urge you to vote against passage of SB-2089.

Mahalo for your consideration in this regard,

Stephen and Henrietta Oriold  
510 Windsor Court  
Chalfont, PA 18914  
[sh510w@verizon.net](mailto:sh510w@verizon.net)

To Whom it May Concern:

I recently heard about the initiative to force home and condo owners to hire a property manager to manage their rentals. From what I hear this will raise rates between 25-40%. This would be a complete travesty if this were to pass. I have rented a condo for years on Maui from an individual and the service and accommodations have been fantastic. Once again, renting from an owner was a great experience.

Thanks much,  
Tim Dickerson  
Rice Insurance LLC  
360-734-1161

If this bill goes through, i will not be able to afford to come to your islands again!  
I've been there ten times during my life and it would be a shame not to be able to return.

Hank Gross

To Whom It May Concern,

I am opposed to SB 2089. I rented a condo at the Alii Kai on Kauai directly from the owner in June 2011 and had an extremely positive experience in terms of price and service. If the bill currently being considered becomes law, with the result that the the cost of renting a condo in Hawaii increases dramatically, then I will have to rethink my vacation choice and consider a less expensive venue.

I thank you for your attention to my views.

Sincerely,

Brent Herrington  
3991 Arlene Place  
Victoria, B.C.  
Canada  
V8Z 6J1  
Tel.: 250-479-0314

Please reconsider SB 2089. The cost to me, the vacationer, will make my visit prohibitive. I had an excellent experience renting directly from the owner and having to go through a property manager just adds an unnecessary layer of red tape.

Thank you.

Jan Brenner

Last year I rented a condo on Maui directly from the owner. If I would have had to pay 25-40% more to compensate a local property management company, I would probably have not gone or would have stayed in a local hotel instead. My experience with the property owner was excellent and I can confirm that the amount paid did include 13.42% tax.

I oppose SB 2089

Tricia Bangs  
[TABangs@aol.com](mailto:TABangs@aol.com)

Lisa Lippincott  
11329 McCourtney Road  
Grass Valley, CA 95949  
[lsquared12@yahoo.com](mailto:lsquared12@yahoo.com)  
530-305-6026

2/24/2012

To: Members of the Senate Committee on Commerce and Tourism  
Members of the House Committee on Tourism  
Members of the Finance Committee

Re: Testimony Senate Bill 2089 and House Bill 1706

Honorable Committee Members,

My name is Lisa Lippincott. I am a current resident of the state of California and a former resident of the State of Hawaii as well as a very frequent visitor to the great state of Hawaii.

In 2008, my husband and I decided to purchase a condominium in Kihei, Maui. We have invested in the Hawaiian economy and we have taken an unoccupied, virtually derelict condo and made it into a wonderful asset for the community. We use the condo for our own visits several times a year, contributing heavily to the Hawaii economy.

When we are not personally using the property, we rent it out to our friends and relatives as well as to some vacationing tourists, using the website VRBO.com to do so.

We are registered with the State of Hawaii and possess business licenses in good standing. We collect and pay Hawaii taxes totaling 13.42% and we have submitted all taxes timely to the State of Hawaii as required by law.

These proposed bills are an enormous disservice to responsible homeowners and vacation rental owners like us. This bill would enrich Hawaiian realtors for nothing more than being a funnel through which our tenants submit rental monies to us. If enacted, it would add a huge and expensive layer of middlemen to a process that is currently working well and would be an enormous drain on our meager revenues, making it likely impractical for us to continue to do business.

We own one vacation rental unit. The gross proceeds from our vacation rentals essentially pay for housekeeping, on-island agent retainers, taxes, association dues, utilities, upkeep and maintenance. Most condo buildings (at least in our vicinity) are 40+ years old and require constant maintenance. There is virtually nothing left over.

If we are forced to use a realtor as a go-between for our guests, their fees (which I understand are routinely 25 – 40% of gross receipts) would cripple our modest operation.

These bills are a travesty! They are a transparent vehicle to enrich realtors at the expense of those of us who have invested in Hawaii in good faith and who follow the rules. The individuals that these bills are ostensibly aimed at will continue to fly below the radar and the treasury will see no material benefit – only the realtors will profit!

Please do not pass these bills. They do nothing to improve your economy and, in fact, will likely shut down many small operations like ours because we cannot afford another enormous layer of expense!

Sincerely,

**Lisa Lippincott**

Owner and Visitor



**Opposed to SB 2089**

We are very much opposed to the bill that is looking to be passed, which will force individual property owners to hire a property manager. We have always had a MUCH more enjoyable, and affordable experience working directly with owners, and we will HIGHLY rethink our multiple visits per year to Kauai, should this bill pass. The appeal of working directly with an owner is they offer a more affordable rate for their rental homes/condos, and they offer a MUCH higher level of customer service. Property management companies have many additional fees, and are terrible with communication...we have been double-booked TWICE by using a property management company in the past, leaving us with a less than ideal situation on our vacations. We will look at a new destination for our vacations if we have to work through a property management office.

Thank you for your consideration.

Quincy and Amy Qualls

Dear Congressperson,

My husband and I travel to Hawaii about once a year and we've rent directly from owners because we've had such a good experience and it's more affordable. If the cost of these same rentals went up 20-40%, we'd no longer be able to afford them and would probably look to travel to Mexico, where costs are lower. Please keep open the possibility of renting directly from owners.

Thank you for listening.

Cheers,

Therese Huston

Hello,

I just want to voice my opposition to SB 2089. I have been coming to the Hawaiian Islands for over 30 years as both a vacationer who has rented from owners and also as now a homeowner on the Big Island. I have recently purchased my future retirement home and until I can occupy it full time have been renting it out myself with the aid of an on-island realtor. I personally have managed my unit, and do a careful screening of potential guests so that my unit stays one of the best in our complex. If this bill passes, I would be forced to utilize a company that may or may not take as good care of my second home as I do. I have had rave reviews from guests, in the short time that I have been renting it out and I have already paid my state transient and GE taxes last month, since I have only been renting it out since September 2011. I would probably not rent it and leave it empty rather than have it controlled by some large impersonal management company that would ruin my future retirement home for me. I urge you to NOT pass this bill, as it would infringe upon the rights of homeowners to control their property.

Sincerely,

Jeanette Fagelson  
909-732-5256

We strongly oppose SB2089. We purchased a condo in September in Kona and we have been renting it since we completed our remodeling. We applied for a Hawaii business license and have already been paying our Transient Occupancy Tax and Excise Tax. Because of economic conditions, the rent on our condo is very low and we would not be able to rent it if we had to use a property manager that charges 15% and 6% credit card fee. We do have a property agent that charges us a flat fee, but they do not do marketing nor do they collect the rent.

This bill will hurt the economy of Hawaii as rental prices will go up and you will see fewer visitors in Hawaii. We strongly oppose this bill. Here are just a few reasons that this bill should not be passed:

1. violates our constitutional rights against discrimination as non-residents
2. puts undue regulation on property owners
3. Laws are already in place for payment of taxes. These laws should be enforced.
4. Puts individual owners out of business - only large resorts and property managers will benefit from this bill.
5. Reduces the supply of reasonable vacation rentals. This will hurt the economy of Hawaii.
6. If owners cannot rent their properties, there may be more foreclosures as owners will be unable to meet their financial obligations. This will hurt Homeowners Associations and residents of condos that have to make up fees that are not paid.

Eleanor & Robert Thomas

75-6008 Alii Drive

Kailua-Kona, HI 96740

3847 N. River Rd

Palisade, CO 81526

I would like you to consider voting against SB 2089. I have visited Hawaii several times and have always rented a condo privately. However, if the cost is 25% - 40% more for the same condo, the cost would be prohibitive. Renting from an owner has always been an excellent experience. I have never had any trouble paying all fees/taxes directly to the owner.

Please consider this when casting your vote as Hawaii is an absolute gem for the United States and I would hate for it to be too costly to visit.

Regards,  
Sharon Sieg  
Illinois resident

My family and I have traveled to your beautiful state several times on vacation. We typically stay in a privately-owned condo. We do this for reasons of cost and convenience. Our renting experiences have been uniformly positive. Our landlords have collected GE and TAT fees as required.

If SB 2089 passes, the additional cost of working through a property manager or other agent will definitely impact our decision to visit Hawaii and the frequency of such visits and will harm the owners of private condos. For these reasons, I urge you to vote against SB 2089.

Mahalo.

--

Boyd J. Hawkins, Esq.  
1361 North 1075 West  
Suite 110  
Farmington, Utah 84025  
Telephone: 801-451-0606

Feb 24, 2012

REGARDING SB 2089

Testifier position: OPPOSE

Testifier will be present: NO

Submitted by: Beverley Frers

George Frers

Organization: INDIVIDUAL

Submitted on: 02/24/2012

Comments: We have taken vacations in Hawaii for the last 20+ years. We find the owners of properties very adept at handling the administration of their investment. Owners pay their taxes and fees as they carry out their small business.

This extra expense will certainly be handed down to individuals like ourselves, making this vacation unaffordable.

**Please stop this proposed legislation.**

(1) I believe this violates my constitutional rights against discrimination as non-residents.

(2) Puts undue regulation on transient property owners.

(3) Laws are already in place to ensure payment of taxes - enforce them.

(4) Puts the small people out of business - only big companies profit.

(5) Will reduce the supply of reasonable vacation rentals.

(6) It is totally unfair to me as a property owner.

**I pay all the appropriate taxes and file all reports. If the intent here is that some owners do not pay the rental taxes then that should be what is addressed rather than this approach.**

Aloha,

*Marilyn Hybiske*

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21330 Broadway  
Sonoma CA 95476



Hello, I understand that the Senate will be reviewing proposition 2089 shortly. As someone who travels to Hawaii annually and has had a fabulous experience renting directly from owners I very much oppose this bill. The reason my family and I stay in a condo is because it is cost effective. If I will be paying increased rates in order to cover the homeowners management fee I will have to rethink my visit. Of note, the homeowner paid tax when I rented. Thank you for your consideration.

Sincerely,  
Andrea Rader

I am totally against this bill that would require all Condo owners to use property managers. Personally, the only reason we are able to continue enjoying your wonderful state is because of those owners that use VRBO to keep their prices affordable.

If you are concerned with customers being ripped off, maybe the government could make owners register with the State for a small annual fee, and customers could confirm that they are owners of good standing.

Sincerely,

Pam R. Busalacchi  
Lodi, CA 95242

February 21, 2012

Senate Finance Committee  
Via Hawaii Legislature Web Site Testimony

RE: SB -2089—VOTE NO

Dear Senate Committee Members,

I am writing to voice my opinion regarding the Senate passage of SB-2089. This is an extremely flawed bill that illegally discriminates against off island non-resident vacation rental owners. If it's purpose is to collect GET taxes then why are resident owners exempt? Don't they need to pay GET and TAT taxes too?

The premise is that off island owners don't pay GET taxes are incorrect. Every month for the past 8 years I have collected and paid TAT and GET taxes (and I'm off island). What in this Bill would make ON ISLAND resident owners pay their GET & TAT taxes? Nothing and that's discrimination.

Requiring a third party (Realtor) to collect on an off island owner's rental is illegal as the law prohibits having to pay someone to pay your taxes for you (which is in essence what this Bill mandates).

If passed, this bill will KILL off what remains of the Hawaii Tourism business and is the most reckless legislation I have ever read! Requiring a licensed Maui realtor be involved cuts into approximately 40% of our revenue and will make the investments worthless. As an owner of multiple vacation rentals in Hawaii, our condos create a LOT of jobs for Hawaiian residents. All the owners I have discussed this with are ready to sell their property if this passes.

Please don't be the one to put the nail in the Hawaii Tourism coffin. I beg of you to immediately VOTE NO on this Bill and give Hawaii and the tourism industry a fighting chance in this tough economy.

Mahalo,

Gary Skardina  
Partners In Paradise  
Maui Vacation Rentals  
310.374.6801

Greetings

I am writing in **opposition of SB2089**. We own two properties on Kauai and manage them ourselves. We LOVE this. We are booked solidly and have the best reviews. This is just one that came this week (I have many, many, many glowing reviews):

*- Absolutely Gorgeous. My Fiance and i breezed the VRBO site for two days looking for price comparisons, quality, scheduling and seclusion altogether. I thought i had passed up more lavish places boasting waterfall gated condos, direct oceanic views etc.... HAAA! When we arrived, it didn't take long to realize what a deal we had gotten. Not only the cliff-side view, the condos quality, privacy and cleanliness but the price as well. I did my share of driving around looking at the other prospects we had passed up, which i recognized in my initial research on VRBO. Just happy and pleased that luck was in my corner which normally is out to lunch. A trait not yet spoken on here so far is probably the MOST important to myself when one is in a foreign environment. If i needed "Anything" . . . be it a question answered or some advice; the owners responded immediately, having phone and internet access on hand at the drop of a dime on their end. Every morning, the whales would jump and swim outside our bedroom window. There was always a breeze on hand and an ocean wave to put you to sleep. Hoping to enjoy more fun at my new "home away from home" as memories are now cemented and it would feel weird staying elsewhere now! Thanks for making our Looooong overdue vacation everything you had promised. Cheers!*

**WE will sell our two condos if this bill is passed.** Not only I cant afford to pay 40% management fee, I will not allow a realtor property manager to "take care of my investment and my business". I do this with great attention and attention. I talk with my guests many times, I leave welcome presents for every one, I give advice for weddings, for hairdressers, for restaurants. My experience with a management company in the past was awful. They overcharged, they didn't care, they didn't allow people to cancel for emergencies without charging huge amount, they was "no personal service". They don't have the same attention to detail that I do. Compare my reviews with the reviews of a company that manages many in our condo and you'll see there is a VAST difference in guest experience!!!

We have paid every cent of tax and will continue to! That has never been an issue for us. I value greatly what tax \$ provide for and have no never reduced tax or denied tax. It is quoted on every estimate, paid and submitted.

I am strongly opposed to these realtors and property managers muscling their way into my business, my investment, my holiday home experience. Just because people arent using them, is not reason to legislate us to. They should provide a better service and maybe people would want to use them.

Thank you for your attention. Please do not pass this bill, it will be horrible for business, for tourism, for real estate. Many thanks

Kim & Paul Sanderson

--

Kim Sanderson

15074 Royal Avenue  
White Rock, BC  
V4B 1L9  
604.535.9810  
[k-sanderson@shaw.ca](mailto:k-sanderson@shaw.ca)

Please oppose HB 1706 & SB 2089 and protect the rights of property owners to rent their properties in Hawaii.

I have been an owner and have rented a property in Kauai since 1999. The economics have been highly unfavorable, due to the combined impact of constantly increasing taxes, constantly increasing expenses, and depressed prices due to increased supply and severe economic conditions.

If this law goes into effect, and it becomes illegal for me to rent my unit, I'll be forced to use a real estate agent and this will cut double or triple my losses because they will take a 25% fee and be far less competent about keeping the unit full. Before I started renting myself, I'd tried several on-island agencies and my occupancy rate was extremely low with all of them, and expenses were many orders of magnitude higher. I can't afford to take those losses and if I can't continue to rent the unit myself, I may be forced to put it up for sale.

I see no legitimate reason why these laws should be passed. As far as I can tell, they're a power grab by realtors looking for extra sources of income and provide no legitimate benefit to the people of Hawaii. By allowing me to keep my unit, I'll continue to pay property taxes that directly benefit the people of Kauai, I'll continue to collect GET and TAT taxes that benefit the government of the state. And, I'll continue to aggressively bring visitors that create significant employment and revenue for the people and governments of Kauai and Hawaii. If you allow this law to pass, all of these benefits to the people will be lost so that a few individuals can become richer by making everyone else poorer.

Mitch

THIS IS JUST ANOTHER WAY THAT THE ON ISLAND PROPERTY MANAGERS AND REALTORS ARE TRYING TO STOP NON-RESIDENTS FROM DOING THEIR OWN RENTALS. GREED IS WHAT IS MOTIVATING THEM. PLEASE USE YOUR HEADS AND THINK ABOUT WHAT IS BEST FOR THE STATE OF HAWAII.

The non-resident home owners who choose to hire local on island help to care for and clean their properties have a right to do that. You cannot mandate the non-resident to have a realtor do this, and you cannot mandate that the resident home owner do this either. This is obviously not about the paying of TA & GE taxes, it is about taking the rights of private home owners away from them because that is what the realtors and property managers want you to do.

We understand that the realtors and property managers aren't doing as well as they used to be because of the likes of Homeaway.com and vrbo.com. The internet has changed the world. But just because the internet has changed the way we do things, doesn't mean you can take our basic rights from us.

Think hard about it - the non-resident home owners are the ones who bought property there because we love Hawaii, love our homes there, take care of them, and love to share them with others. That is why we choose to rent them on our own and bypass the management companies - BECAUSE WE CARE!!!! You don't hear any complaints from my guests or my help on the island.

DO NOT PASS HB 1706.

*Pat Starkie*

[www.bigislandhawaiiivacationhomes.com](http://www.bigislandhawaiiivacationhomes.com)

805-225-1552

805-234-4166



To Whom it May Concern:

I would like to submit my testimony of being opposed to SB 2089.

As a relatively new owner of a vacation rental (and second home), an active Hawaiian taxpayer, and prospective future resident of Hawaii, I am opposed to SB2089.

We purchased a vacation condo on Maui in 2010 and have worked hard to create a vacation destination for our guests. We market the vacation rental ourselves and work with on-island agents to help us maintain the property, meet our guests and provide a service that surpasses that of the property management firms on the island. We could not afford to be owners of our vacation rental if we were to have to pay a commission of between 25-50% of our rental income to property managers who are not as well suited to manage our property as we are ourselves.

Before starting our rentals, we registered appropriately with the State of Hawaii and have been submitting our Transient Accommodations Tax (form VP-1) and General Excise Tax (form G-45) according to the regulations and now do so on a monthly basis given the monthly rental income levels. We also paid and submitted our Hawaii state income tax return for 2010 and will be doing so for 2011 prior to the tax deadline. Our Hawaii Tax I.D. No. is W93899100-01.

We have been coming to Hawaii every year for more than 15 years, we've been contributing to the economy of Hawaii and are now homeowners that are contributing further to the Hawaiian economy. We have dreams of becoming residents of the state in the next five to ten years. However, the proposed legislation will severely hamper our ability to afford home ownership of our vacation rental. We may be forced to sell our relatively new home and I believe several others like us will have to do the same.

This legislation, if passed, is likely to create the exact opposite effect that it is intended to generate. That is, if many homeowners are forced to sell their vacation homes, this will reduce both the vacation rental tax revenue that this legislation intends to increase and it will likely have an immediate impact of downward pressure on the real estate valuation and prices given how many people will be forced to sell their vacation homes.

We propose that other solutions to catching tax cheats be formed that will address the current legislation's objectives. For example, maybe vacation rental/homeowners could/should have to post their Hawaii Tax I.D. No. on their vacation rental advertisements. Maybe the state of Hawaii can send letters to all homeowners that own property zoned as hotel-condos requiring them to provide their Hawaii Tax I.D. No. of their vacation rental. There are probably many other ideas than I can contribute that would help accomplish the state's objectives without the negative by-products that SB 2089 will create.

Please consider our plea to oppose SB 2089 in favor of other, better and more effective rules/regulations that would help Hawaii continue to promote home ownership and increase its tax revenues.



Sincerely,

**Christopher M. Burns**  
Phone: (510) 290-8981

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I am very much opposed to the passage of this Bill. I have rented accommodation from Realtor/managers previously and have found them not to be as reliable as the condo owners themselves. In some cases the Realtor/managers units were dirty and not updated. My experience with owners has always been positive. They care about their property. If this bill becomes law, I would seriously rethink coming to Hawaii for a vacation. To my knowledge, California, Arizona and places like Barbados do not have this type of requirement.

Gerry Brown

Alberta, Canada

Dear Legislators

We would like to join the other property owners who represent and manage our own condos in Hawaii opposing the current bill suggesting only property managers and realtors can manage vacation rentals.

We have faithfully paid our taxes for over 15 years in the islands and the few times we had an outside agency manage for us, we still did all the renting for the most part while they collected 10-20% fees from us. You will have more people bailing on their 2nd properties if this goes through as it makes the expense even more intolerable in today's economic difficulties.

Don't make owning property in the islands more difficult than it already is.

Thank you,

Aloha

Patty and Tim Wong  
1841 Los Olivos Rd  
Santa Rosa, CA 95404

owners of Big Island property for over 15 years

To whom it may concern,

I am not in favor of this bill as it benefits only the property managers and realtors. The cost of condo rentals may go up which would impact my decision to vacation in Hawaii.

Please reconsider.

Yours truly,  
Stephanie Higie

I please ask that SB 2089 be defeated. In these troubled economic times any action that increases the cost of renting a condo in Hawaii adds to the economic burden already present by airfare costs and would make it impossible for us to travel to your state on vacation. Since your state relies so heavily on the tourist business, this would produce financial hardship for you as well. We have had nothing but positive experiences renting from owners and I recall that taxes were collected!

Please oppose SB 2089.

Yours,  
John Carr  
738 Tillamuk Dr  
La Conner, WA 98257

Just came back from Kauai where we enjoyed our condo rented through VRBO. We have recommended this to all our friends. We specifically like to avoid renting from agents whose prices are higher for the same or inferior properties.

If SB2089 is passed, we will simply travel somewhere else and so will many other thousands of regular visitors.

Please do not restrict free market in Hawaii. Passing SB2089 will hurt your real estate and tourism industry and ultimately your economy.

Sincerely,

Miriam Agard-Seden

I am writing to tell you that I am totally opposed to SB 2089. We own properties on the Big Island and have tried working with property management groups - What a joke - First of all they charge you up front for their linens - you have no choice about what kind you'd like. Several times, I was there and the linens were of poor quality. Sometimes there isn't enough towels or beach towels. They charged me \$85 per time I would rent to someone else - along with their many other charges: credit card fees, filing taxes, misc. supplies, cleaning, changing filters (\$75) for a \$12 item. Give me a break. One unit they rented 2 or 3 times a year. I unit, they NEVER ONCE rented. I can do a much better job myself. I travel to the Island many times a year just to oversee our condos and I only rent to people after I screen them. Using a property manager you never know how is staying in your unit. Property managers that have worked in our complex have brought in renters that the manager has had to ask them to remove.

This is our personal property and I see no reason to hire someone else to run it and give up all our rights.

Sylvia Remington  
360-296-0647

Aloha The Honorable Senator Rosalyn Baker, Chair, and The Honorable Senator Brian Taniguchi, Vice Chair, and Members of the Committee:

I oppose Bill SB2089 and HB1707 relating to Transient Accommodations. I am a nonresident owner of a condo on Kauai which I self-manage as a single property. I did not start out self-managing my condo but had to because I had to fire the real estate rental management company I was using. I was using a company highly regarded on the island and assured my property would be taken care of with utmost respect.

However, that is not what happened. My condo was not cleaned properly, seldom rented, and I sometimes did not receive rent from guests that did rent my property. The management company however, did bill me for all kinds of expensive maintenance on a condo that had just been completely renovated. Everything was pristine, there were no maintenance issues. To make matters worse, inventory went missing. When I came for a visit I was astounded at the filthy condition of my very expensive condo.

So I had no choice but to figure out how to manage my condo by myself. It has taken a number of years but I am successful now thanks to VRBO and Home Away. In fact, I really enjoy helping my guests have a memorable Hawaiian vacation. I have a terrific staff that is dedicated to each and every guest. I control this business and I do have a very high standard. I want my property to be well cared for as it is a large investment for me. I am the one with the most to lose. I have 32 reviews on my website that give me a 5 star rating. The self-management business would not work if guests did not have a good experience. The system is self-policing. My reputation matters to me and I strive to a higher standard of excellence than what I see the "management companies" doing to guests and to the property owners.

As for the issue of the supposed nonpayment of GET & TAT taxes: many owners, including me have a merchant account with the credit card companies. Virtually all of my guests choose to use credit cards for payment. That way they have the ability to dispute any charges if something is not correct about their vacation experience. I have been in business for 6 years now and have NEVER HAD A CHARGE BACK! In addition, I receive a 1099 from the credit card company and they report my income to the IRS. I have a paper trail. I do not cheat on my taxes. I run this venture as a small business and do it responsibly. I use an accountant and everything I do is done correctly.

This bill is quite disturbing and quite frankly, if I were a senator, I would immediately see the problem of blatant discrimination against non-resident owners and the unconstitutionality of this bill. How this bill has survived a committee and is going forward for a vote should be an embarrassment to you and all members of the committee. I am appalled at the disrespect that this bill demonstrates to non-resident property owners. Hawaii was happy I purchased my property and paid way too much for it. The state happily took my taxes and my property taxes are higher than resident property owners. To suggest that I cheat on taxes is an insult to me and quite frankly, I did catch the real estate management company renting my property and not paying me, the owner, my rent. I simply fired them.

If this bill becomes law, there will be lawsuits and you will have to pay for the lawsuits. I think the tax money you collect should be put to better use than to pay to defend a law that will be struck down. I urge you to put an end to this bill.

Mahalo,

Bonnie Aitken



Meera Kohler  
12800 Huffman Circle  
Anchorage, Alaska 99516

February 19, 2012

Members of the Senate Committee on Commerce and Tourism  
Members of the House Committee on Tourism

Re: Testimony re Senate Bill 2089 and House Bill 1707

Honorable Committee Members,

It is with considerable dismay that I offer my testimony. My name is Meera Kohler. I am a resident of the state of Alaska and a very frequent visitor to the great state of Hawaii.

A few years ago, a friend and I decided to refinance our principal homes in Alaska and use part of our equity to purchase a condominium in Ma'alaea, Maui. We have invested in the Hawaiian economy and we have taken an unoccupied, virtually derelict condo and made it into a wonderful asset for the community. We use the condo for our own visits several times a year, contributing heavily to the Hawaii economy.

When we are not personally using the property, we rent it out to our friends and relatives as well as to some vacationing tourists, using the website VRBO.com to do so.

We are registered with the State of Hawaii and possess business licenses in good standing. We collect and pay Hawaii taxes totaling 13.25% - we do not charge a mark-up to compensate ourselves for doing the bookwork – and we have submitted all taxes timely to the State of Hawaii as required by law.

These proposed bills are an enormous disservice to responsible homeowners and vacation rental owners like us. This bill would enrich Hawaiian realtors for nothing more than being a funnel through which our tenants submit rental monies to us. If enacted, it would add a huge and expensive layer of middlemen to a process that is currently working well and would be an enormous drain on our meager revenues, making it likely impractical for us to continue to do business.

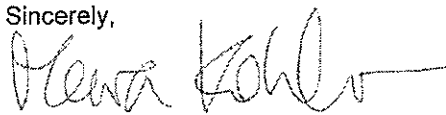
We own one vacation rental unit. The gross proceeds from our vacation rentals essentially pay for housekeeping, on-island agent retainers, taxes, association dues, lease fees, utilities and upkeep and maintenance. Most condo buildings (at least in our vicinity) are 40+ years old and require constant maintenance. There is virtually nothing left over.

If we are forced to use a realtor as a go-between for our guests, their fees (which I understand are routinely 25 – 40% of gross receipts) would cripple our modest operation.

These bills are a travesty! They are a transparent vehicle to enrich realtors at the expense of those of us who have invested in Hawaii in good faith and who follow the rules. The individuals that these bills are ostensibly aimed at will continue to fly below the radar and the treasury will see no material benefit – only the realtors will profit!

Please do not pass these bills. They do nothing to improve your economy and, in fact, will likely shut down many small operations like ours because we cannot afford another enormous layer of expense!

Sincerely,



Meera Kohler  
Owner and Visitor

Dear Sirs and Madams,

As a daughter of a man who was born and raised in the then Territory of Hawaii, I am writing to ask you to vote against Senate Bill 2089. It would increase the costs for me and my family when coming to our family's home state. We rent from very responsible owners who charge us all the taxes that they should and do a very good job managing their properties. It seems to me this bill only serves the interests of professional managers who have the time and money to lobby you.

Please keep my Hawaii pleasant and affordable.

Mahalo,

Amy Ann Tassock Marks

(907) 952-6161

Regarding SB 2089

Testifier position: Oppose

Testifier will be present: No

Submitted by: *Chris and Sarah Cheney*

Organization: Individual

Submitted on: 2/25/2012

We have just visited Hawaii for the first time with our family this past January and had the best holiday we have ever had. We would very much like to return to Hawaii but this bill will make it cost prohibitive for us to be able to return. Please oppose SB2089 so we can once again return to Hawaii family.

Regards,

Sarah Cheney

Resident of Canada

As a frequent renter on the Big Island, I live in Mill Valley, California, I am opposed to the bill SB 2089. I am very satisfied dealing directly with owners. I will not deal with managers or real estate companies.

The owners I've rented from have been honest and provided to my family and I what they said they would .. Please do not pass SB 2089 for the sake of the owners as well as those of us who rent from them.

Gail Kossowsky

This bill will do nothing to enhance the experience of visitors to your islands. It's just another intrusion into privacy and an attempt to squeeze more money from visitors. We already pay enormously just to visit Hawaii.

Our experience with our VRBO owners could not have been better. Everything was immaculate when we arrived, and we left it in equal condition. It was efficient and problem-free.

Please kill this monster SB2089. Enough bureaucracy! Enough sticking it to the tourist!

Cheri Pogeler  
Encinitas, CA.

2-24-2012

Re: Bill SB2089

**I am opposed to Bill 2089 which would increase the cost of a vacation rental by 30% to 45% more for the same condo, if this law passes. I would have to rethink my travels if this happens. Renting direct from the owner has been a good experience for me, better than many realtor managed units that I have experienced in the past. You tend to get more amenities and a more personal attention. The property that I rented in Hawaii was beautifully kept and absolutely immaculate and they did quote and collect the GE and TAT's taxes yet the prices were good because they did not have to pay a property management company. My husband and I are against this bill!**

**Marilyn and Roger Kline  
Friday Harbor, Washington**

We have rented through VRBO (Vacation Rental by Owner) many times in Maui. The owner has collected tax from us. We have been delighted with the experience, and hope that you do not take away the ability from owners to rent their own properties. May I suggest that if you are concerned about tax collection, that you make the owners register with a county or a state agency, so that you know who they are. We believe that owners renting directly have the ability to charge less for their homes, thus making it much more likely that we will visit more often. When management fees are added, it is the renter who pays them, thus making it much more expensive for us. Please do not take away the right of owners to rent their properties directly. It affects tourists negatively as well as taking away a right of the owner. Thanks for your time. Leila Elliott, 1051 Forest Meadows Way, Lake Oswego, Oregon 97034

Dear Senators and house members of the Hawaii State.

As a condominium owner in Maui since more than 4 years, and renting both directly and through an agent, this proposed legislation will have a large financial impact to myself and many other owners, while not making a real difference in taxes being perceived.

From day one, I have registered myself to the state of Hawaii and have thoroughly, during all these years, collected and remitted the due GE and TA taxes to the state.

Bill 1707 and SB2089 are quite abusive for it will force all of us, owners, in the same situation, to forego 20% to 40% of our income revenues, for the sole purpose of paying someone to perceive the taxes.

This Bill proposal sounds like based on the assumption that the vast majority of us do not collect and remit the due taxes, which I have a hard time to believe.

And even if it were true, I would rather recommend we fine the owners in question, while, not forcing all of us, including all the honest ones, to loose so much money while having never done any wrong : This is like being imposed a fine without having committed any infraction !

The state knows us, all the owners, as our property is registered to the county, and most of us pay property taxes.

And we can certainly be questioned about our rental income, requested to produce our federal tax filing, etc. see below suggestions.

It is also against constitutional ownership rights: Why would I be forced to use an agent to rent or sell my property through an agen, if I can do it myself as I am entitled due to my private ownership ? I shall never be forced; this is really a big infringement of fundamental rights.

Now, when one looks at the Big Picture, this legislation will also hurt the Hawaii economy and hurt the entire Hawaii tourism and real estate economies for these reasons:

1. Forcing owners to only rent throught agents will drive up rental rates to cover for the extra management charges.
2. Many new buyers considering a second home or income property will not purchase one, since they will not be permitted to self manage. They will invest in other markets. The fact that I could rent my condo for short term rentals was one the main reason that justified to go ahead with this Hawaii property investment,.
3. Since there will be fewer buyers, real estate prices will fall.
4. Falling real estate prices will result in more negative equity.
5. Falling prices will also result in more foreclosures.

I can think of many more reasons for this legislation to fail, however these reasons are incontestable and easy to see.

There are many other ways to audit taxes collected and make sure onwers do due diligence to the state.

For instance, in addition to filing and paying my collected GE and TA taxes every quarter, I annually report my gross and net rental incomes, just like other owners, on my federal (1040) income tax appropriate schedules.

This can be looked at and see if proportional taxes were collected and remitted to the state.

I would be agreeing to file the same 1099 that the property managers do, to even produce an income tax filing or similar, directly to the state of Hawaii for this purpose and attach the relevant schedules from my federal 1040 filing.

Other ideas: sample and periodically screen VRBO or Homeaway or similar sites posting and see if owners are mentioning the taxes in their pricing.



Dear Senators,

I own a vacation rental condo on Maui. I pay my TA and G E taxes faithfully. My son manages the condo rental. If I have to rent through a realtor, instead of my son who does an outstanding job, I will have to raise my rents which will increase my vacancy rate and decrease the amount of HI State Taxes I pay. I will probably have to convert to a long term rental and if that does not pay the mortgage and HOA dues then I will have to do a short sale which will not be good for me, my son, our guests or the State of Hawaii.

This bill will be devastating to vacation rental owners and the visitors that HI depends on for revenue. I can't see how it will benefit anyone except real estate agents.

Your committee is the Commerce and Consumer Protection Committee. How ironic! HB 2089 will hurt commerce and will not protect any consumers. Please do not pass this bill.

Thank you,

Sincerely,

Patricia Briones  
449 N. Catalina Ave #210  
Pasadena, CA 91106  
626 793-9734

My husband and I visit Maui every year, we celebrate my survival of another year from ovarian cancer, now I understand there is a Bill that will no doubt impact our ability to come to this beautiful island. Yes, we do rent a beautiful condo from an owner/friend. I am certain she pays all taxes due since I'm charged the taxes! We have had nothing but wonderful experiences renting from this owner for almost 10 years now. She has always been very responsive to any issues, such as the television was not working correctly when we arrived Feb. 19, within a day, a new, flat screen set was in place along with her apologies for the inconvenience. IF a Realtor/manager had been our contact person, they no doubt would've not been in their office when I sent the email about the TV, and beyond a particle of doubt, am certain we'd not have had the defective set removed and replaced with such efficiency!

To force owners to work with a Realtor/property manager, I assume to avoid a conflict of interest, you would also force on-island owners to also exclusively rent their properties through the same Realtor/property manager. If not, this sets your State up for litigation by owners who've been discriminated against.

If we want to talk about the tourist dollars, consider the \$7.50 per day airport fee collected by rental car companies on the airport grounds, however compare that to the off airport rental companies, often small companies run by a person who buys several vehicles for rent, and for an additional fee, leaves them at the airport for tourists to pick up at the parking lot. You must consider the type of customer service we receive from those companies and force them to use some "Professional Car Rental Agent" to handle these agreements. They don't charge the \$7.50 per day even though we are able to walk right to the parking lot to locate the vehicle which is much more efficient than waiting in line, breathing diesel exhaust, to crowd onto a shuttle to a rental co. where you wait in line again and pay exorbitant prices.

This tourist votes with her dollars. We visit Maui each year and have for over 20 years. You will jeopardize the very people you depend on for the island economy.

Regards,  
L. J. Pracht

For several years we have vacationed in Hawaii (on Oahu, Kauai and Maui), doing so by renting condos directly from the owners. Every single experience has been superb. All the owners are honest, they have charged us all the appropriate Hawaii taxes, there have never been any problems with the reservations, and the rental units have all been spotless with everything exactly as was advertised.

There is no question in our minds that we would not be able to afford to rent a condo if the price were to increase in order to cover management fees.

We urge you NOT to pass SB2089.

Thank you.

Doris Flom & Denis D'Aoust  
Mountain View, CA 94041  
[djemail@earthlink.net](mailto:djemail@earthlink.net)

Dear Hawaiian Legislators,

As a frequent visitor to Hawaii I am concerned to hear about SB 2089, which would effectively preclude property owners from renting directly to visitors. I have rented both directly from owners & through property management companies & have had good experiences with both. In all cases I have paid the full GE & TAT taxes. I have a preference for renting directly from owners because of the "personal touch." Management companies I've dealt with have always been professional and I certainly acknowledge & appreciate their role. But I think it would be a real loss for both visitors & individual owners if the option of renting directly was eliminated.

Thanks for your consideration,  
Kathleen Pope

SB 2089 will further devalue Hawaii property. As the owner of 3 rental condos on Kauai I can tell you that adding another layer of expense will be the straw that broke the camels back. In the current market our rental rates are at record lows, occupancy is significantly down and the only thing that is up is the cost of operations taxes and utilities. Requiring a middleman will further diminish the cash flow on property that is already negative. If I pay a " manager" then something has to go, either my association dues, my mortgage or my property taxes. Any way you cut it 3 more properties will be entering the distressed property category. In the face of the worst real estate and travel market in a decade you want to add another expense? What the hell are you thinking?

We submit this in opposition to SB 2089. For the past four years, my wife and I have rented a condo at Vista Waikoloa on the Big Island for the months of January and February. We have rented directly from the owner, a resident of the State of Washington, who also owns two other units at Vista. We have planned to return in 2013 and successive years also. Obviously, we have been very happy dealing directly with the owner, who takes great pride in furnishing and even upgrading her condos, in providing the highest quality towels and linens, and in responding quickly and appropriately to any problems we encounter. (In fact, the owner formerly employed a local property manager who was distinctly unresponsive when we encountered a problem several years ago.) We have always felt that her prices are fair and we know that she conscientiously collects all taxes and other fees required by Hawaii law because they are included as separate line items in our invoices. We have rented properties throughout the U.S. and Europe using VRBO and services like it and, because we are thoughtful, we have always preferred dealing directly with owners, whom we have found to be more personal and responsible than realtors or property management companies. Frankly, if SB 2089 passes and results in increased fees and generic accommodations, as we suspect would occur, we would be much less inclined to return to Hawaii for extended stays. We cannot think of any meaningful benefit to us as visitors to Hawaii and are concerned fundamentally about this proposed interference with the rights of property owners to manage their own properties.

Thank you for your consideration and we sincerely hope that SB 2089 is defeated. Please feel free to contact us if we can provide any more information or insight.

Greg & Lynn Baugher  
[baugher2@hotmail.com](mailto:baugher2@hotmail.com)  
(916) 354-2108

Gentlemen,

I am apposed to SB 2089. This bill takes away the rights of property owners. I have rented directly from individual owners on my last few trips to Hawaii and each experience was exceptional. They have provided me with better service than I have received from property managers in the past, and they do collect the Hawaii GE and TAT taxes. The only parties that would benefit from this law would be realtors and property managers. The owners would have to pass on this extra cost in their rental fees. It is expensive to visit your state with higher prices for food and gas. My family loves vacationing in Hawaii, but if this law passes and the rents go up, we may have to rethink our future travel plans.

Sincerely,  
Linda Shallenberger  
Bothell, WA

It is my understanding that the above mentioned bill will be voted on by the Senate on 2/28/2012. As an often renter of vacation properties in Hawaii, I would ask that you certainly vote NO on this action. I rent directly from an owner and should SB2089 be put in place, the increase of 35%-45% will preclude me from coming to Hawaii as I will be able to travel to similar vacation locations at the price I currently am paying the owner of the properties I use. I have been assured that all Hawaii taxes/fees are ALWAYS paid to the state/municipality as due.

Sincerely,  
LeRene Taylor  
10149 Citation Ct.  
Bainbridge Island, WA 98110



I am very concerned about SB 2089. I have owned a vacation rental home in Kauai for over 14 years. The first few years, I used a property management company who charged 25%. The company was quite reputable and considered one of the best in Kauai. I was told when I signed up with them that I could expect 50% occupancy for the first year with increases each year. My occupancy never quite reached that, never increased, and I was losing money each year.

I finally took the management away from them. I hired a web designer who is a resident of Kauai, a local manager, also a resident of Kauai, and with a year or two, my occupancy has increased to over 80%!

Management companies are beholden to quite a few of their clients, so they cannot be expected to take the time that an owner can take to make sure his property gets rented. Requiring the use of a realtor or property manager ties the hands of the owner unfairly. If you can buy or sell a home without a realtor or property manager, it makes absolutely no sense why you wouldn't be able to rent your home without one.

This legislation is a disaster for this and many other reasons that others I'm sure are making quite clearly, and I strongly urge that it is voted down!

James Pepper

Dear Sirs

Please do not pass this bill. I have been in the travel business for 33 years and have since retired and believe this bill is very detrimental to tourism in Hawaii. The programs owners have such as VRBO are very successful and definitely fills a need in certain markets. This bill will would destroy that market and also affect many owners ] of condos.

Thank you,  
Al and Barbara Webb  
Poulsbo, Wa. 99370

Greetings,

My testimony is to oppose SB2089. I always rent directly from the owner because I have always had top notch experiences with them and it cuts out the unnecessary middle man agency cost that I can't afford, especially in this economy. If the cost is up to 40% more for the same condo, I may rethink my vacation options. Thank you, Mr and Mrs. R Duncan

To whom it may concern:

As a landlocked midwesterner, I spent countless hours online researching where to spend my family vacation in Hawaii in 2011. My diligence paid off with a wonderful vacation in your great state. At age 60, this was my first trip to Hawaii, but I hope that it will not be my last. I would say to you that my wife and I spent a spectacular 11 days in your state, splitting our time between Kaua'i and Maui. This was made possible by two different property owners who were willing to deal directly with us and forego the nonsense of having to deal with a third party property manager.

It is my understanding that the legislature in Hawaii is now considering a bill (SB 2089) which will mandate that all property owners who wish to rent out their property must do so through a third party (property manager). I find this to be an absurd intrusion into the free enterprise system. I can assure you that we paid a rental tax on both of the properties which we rented and I am certain that the owners of those properties passed those tax monies on to the proper taxing bodies in Hawaii. I can also assure you that the addition of a property manager into the equation would do nothing more than to add an unnecessary cost to the potential visitor to your state. I suspect that this bill is being sponsored by individuals who have direct ties to those in the property management business and who are the only ones who will profit from the passage of such legislation. The state will receive no additional tax monies because they are already getting those tax monies from the property owners. Each and every property we looked at as a potential rental made the tax extremely clear to potential renters such as me. I chose the properties we rented, based on their location, amenities, cost and availability. The locations we chose, just like the ones we didn't choose (whether they were through a property management firm or through VRBO) all, and I'll repeat the word, ALL, charged tax at the appropriate rate. During my research, I did not see a single property available for rent that did not assess the taxes. Requiring private property owners to hire a "management" firm to handle their own business will do nothing more than enrich those in the property management business. The state will see no additional revenue and I will be FAR LESS LIKELY to return to your beautiful shores.

Sincerely,

Richard Holt  
402 W. 11th St.  
Christopher, IL 62822

To Whom It May Concern:

I am writing to tell you I am totally opposed to SB 2089. The provisions of this bill will lead to substantially increased costs for those of us wishing to rent units in the future, which will negatively influence my decision whether to visit Hawaii.

The last time I visited Kauai, I rented a condo from the owner directly, and it was a very good experience. As part of my rent, taxes were already included.

Please do not pass this bill.

Thank you.

Sincerely,  
Douglas Gray  
Aurora, Colorado 80016

I understand that Hawaii is considering a bill that I think would be detrimental to many tourists who want to experience your beautiful islands in their own way. Renting directly from a homeowner still pours money into your economy and it seems to me it's a homeowner's right to rent out their property if they so choose. There are many types of travel experiences and you don't want to lose those of us who like to rent directly from individuals.

Marilyn Parks

--

Marilyn O. Parks

[www.parksarch.com](http://www.parksarch.com)

3902 Eastern Neck Road

Rock Hall, MD 21661

410-639-2504

This law will not achieve its stated objective of increased tax revenues because of the following reasons:

1. NON-LAW ABIDERS WHO ARE NOT COMPLYING WITH EXISTING TAX LAWS ARE NO MORE LIKELY TO COMPLY WITH A NEW LAW: The new law can be undermined just as easily as the existing laws are. What is needed are mechanisms, processes and procedures that will identify those who are not in compliance with the law and force them to comply, not a new law that can be no more easily be enforced than the prior one was.

2. This law WILL REDUCE REAL ESTATE VALUES: It will discourage investment in Vacation Rental properties in Hawaii, and will therefore put downward pressure on Real Estate prices which are just starting to recover. As private owners of two vacation rental condos in Maui, this legislation would make our operation unprofitable and we would be forced to put our units up on the market. So will many others. The flood of units on the market, will reverse the pricing recovery that is just starting and will again result in negative equity, foreclosures and lower property values. As property values drop, less sales and property taxes are collected.

3. This law WILL REDUCE TOURISM COMMERCE: It will force incremental operating costs on private owners who decide to continue renting their properties, thereby forcing them to pass along their costs to their guests. Customers who have become accustomed to renting from private owners for the value and personal quality they have become accustomed to, will be discouraged from returning. It will have a depressive impact on the entire tourist industry, including restaurants, shops, etc.... As these businesses' incomes drop, they pay less taxes.

4. IT WILL HURT LOCAL SERVICE PROVIDERS WHO SERVICE THE TOURISM INDUSTRY: As an owner of 2 condos in Maui we pay private contractors who provide us services to clean, maintain and upgrade our units. This law would make our operation unprofitable. We would sell our units. So will many others. The local contractors will see their incomes drop. As their income drops, they pay less taxes.

5. TAX REVENUE WILL ACTUALLY DROP: The combined negative impact from Reduced Property Values, Lower Tourism Commerce, Reduced Local Tourism Income, will surely largely or fully offset any incremental taxes collected as a result of this legislature.

Further, this legislation is unconstitutional and will not stand up to legal challenge. Reference attached legal opinion from Gregory W. Kugle, from Damon Key Leong Kupchak Hastert law corporation.

The only clear benefactors of this law are the Property Management companies who are endorsing it.

We strongly encourage the legislature to fix the problem at hand vs. creating a new one and vote this law down. Thank you for your time and attention.

Sincerely, Elizabeth and Chuck Voigt

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Edward McWilliams  
Organization: Individual  
E-mail: [Info@mcparadise.com](mailto:Info@mcparadise.com)  
Submitted on: 2/24/2012

Comments:

I resent be extorted by Maui physicians to fill my prescriptions but now to be extorted by Maui Real Estate professionals is over the top. I will sell my properties before I submit to this level of socialism.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Daghild Rick  
Organization: Individual  
E-mail: [daghild@msn.com](mailto:daghild@msn.com)  
Submitted on: 2/24/2012

Comments:

I OPPOSE THIS BILL, PROPERTY MANAGERS JUST TAKE THE CREAM OF THE RENTAL AND RARELY TAKE CARE OF THE PROPERTY. I HAVE A WONDERFUL REPUTATION AND VERY HAPPY GUESTS.  
THIS ADDS JUST ANOTHER LAYER COST FOR THE GUESTS. I DO PAY TA AND GE REGULARLY.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Denis Lalonde  
Organization: Individual  
E-mail: [denislalonde@sympatico.ca](mailto:denislalonde@sympatico.ca)  
Submitted on: 2/24/2012

Comments:

This is one sure way of killing the tourist industry in your beautiful state...I believe that owner maintained units are far better looked after than by a real estate company..



Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Jennifer Mills  
Organization: Individual  
E-mail: [onegr8gem2@aol.com](mailto:onegr8gem2@aol.com)  
Submitted on: 2/24/2012

Comments:

I own a cottage in Ka'anapali, Maui at International Colony Club. I have desperately tried for the past two years to find someone to manage my property for me and have been turned down by every company. They all told me that they already have a large inventory of similar rentals and do not want to take on any other properties for fear of not properly representing the properties they have. If this bill passes, I will be out of business because no one will represent my property.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: April Lee  
Organization: Individual  
E-mail: [konaconnection@yahoo.com](mailto:konaconnection@yahoo.com)  
Submitted on: 2/24/2012

Comments:

This is a real deterrent to business in Hawai'i AGAIN. The liability for property managers is so great, our insurance will skyrocket and our already over-worked staff will cost more or quit. The real estate market will suffer due to the government's distrust that its property owners are assumed to be criminals. Those owners who want to be in control of their own finances, will not be happy that someone else is legislated to file their taxes. Possibly that person is less qualified, as few employees of management companies are qualified. Mistakes are costly and lawsuits may ensue.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Albert W Merrill, PhD  
Organization: Individual  
E-mail: [buzz@mahana308.com](mailto:buzz@mahana308.com)  
Submitted on: 2/24/2012

Comments:

This measure will reduce non-Hawaiian ownership and actually reduce Hawaii tax revenues.

...and it is unconstitutional

REJECT!

I am strongly opposed to this! Don't you realize that many people cannot afford to come and rent here without direct ownership?? Are you trying to ruin tourism in Hawaii???

Please let saner heads prevail!

Thanks for considering my opinion. PW

Sent from my iPad

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Patricia Alexander

Organization: Individual

E-mail: [talAlexander03@yahoo.com](mailto:talAlexander03@yahoo.com)

Submitted on: 2/24/2012

Comments:

I am a homeowner who has a condo in Kihei, HI, which I rent through VRBO because it became too expensive to rent through a property manager. Not only was the property manager charging me 21%, but they also charged registration and advertising fees on top of that. They were not able to rent the condo to capacity, and therefore I could not afford to pay the monthly mortgage and condo fees on the rental income I was receiving from them. I had to take over the management of the rental process myself in order to keep the condo, and I now pay them a reduced fee to serve as on-site back up for me. I regularly pay my GE and TA taxes and am making more money for the state of Hawaii than when the property manager was renting my condo. I do not believe that SB2089 is in the best interests of homeowners, visitors, or the state of Hawaii. Thank you for the opportunity to comment.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Elizabeth August

Organization: Individual

E-mail: [elizabethaugust@comcast.net](mailto:elizabethaugust@comcast.net)

Submitted on: 2/24/2012

Comments:

This is ridiculous and unheard of and CLEARLY being put through to support the real estate professionals of Hawaii. You should be ashamed of yourselves for trying to slide legislation like this through without even giving people a chance to properly review and respond. There is absolutely no rational explanation for this and I vehemently oppose it!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Alicia Hopkins  
Organization: Individual  
E-mail: [ajh@mauimahana.com](mailto:ajh@mauimahana.com)  
Submitted on: 2/24/2012

Comments:

Seriously!! This bill is almost the mirror image of HB1707. It has the same realtors and management companies fighting for it. These realtors and management companies are only in it for themselves. I found a way to market my property, screen renters and book my unit at a larger occupancy than they did - if their service was so far superior I would have not had the need to do it myself. There are far better ways to make sure that someone is paying their taxes than forcing us to use these horrible money leaching agents who want to do nothing and charge me a fee for it..

Please vote no!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: M&#248;ller Lynda  
Organization: Individual  
E-mail: [Alohadypsy@gmail.com](mailto:Alohadypsy@gmail.com)  
Submitted on: 2/24/2012

Comments:

As landholders we have already slashed our prices well below yr 2000 prices. The vat and get taxes have increased, prop tax has increased, cleaning and repair costs have escalated yet we can't rent now for an amount that will give us a fairer turn on our investment. Many of us are scraping by, and having to turn away guests already due to the increased costs.  
To add yet another tier of fees to our condo will be very harmful to myself as an owner, as well as any potential tenants!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Andre Chabot  
Organization: Individual  
E-mail: [andre.chabot@yahoo.com](mailto:andre.chabot@yahoo.com)  
Submitted on: 2/24/2012

Comments:

Hello, I oppose this bill that forces small vacation rental owners to hire an expensive management agency to manage our business. It will force hundreds of us out of business because it will no longer be lucrative enough to stay in business. I pay my GET and TAT taxes every 6 months as 'most' of my neighbors do. This law will force us out of business and the state will ultimately lose the taxes that they receive from the small vacation rental owners like me. If this proposal passes, it will back fire on the state and revenue will actually drop. In addition, it doesn't make a lot of sense to me that out of state owners don't pay taxes because they already have to use a property management company to manage their business since they aren't available to do it themselves. I totally disagree with this statement that 'out of state owners' aren't paying taxes. This may occur in a few cases but not in the majority. Please don't put us out of business because it will only hurt Hawaii's economy and us.  
Sincerley,  
Andre Chabot

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Ely Dahan  
Organization: Individual  
E-mail: [elydahan@gmail.com](mailto:elydahan@gmail.com)  
Submitted on: 2/25/2012

Comments:

Respectfully, I strongly OPPOSE SB 2089 as I believe it will hurt Hawaii. I know it will hurt me and the people I work with.

In order to collect tax revenues, a reasonable goal, the bill goes way too far in damaging the property rights of people like me who invested in Hawaii because we love the state. I pay all of my TA and GE and property taxes on time to the tune of \$40,000+ annually. But now you are asking me to turn over almost that much or more to a realtor/property manager who has done nothing to earn it, just to enforce what I am already doing. This will be the difference between breaking even and going broke.

I wonder if there are any realtors/property managers who want this to happen. I also wonder whether this bill could create the perception of cronyism or, in the extreme, corruption. The fact that it may be an unconstitutional violation of the commerce clause might raise such eyebrows.

As for testimony from realtors and property managers that property owners do not take good care of our guests, please feel free to look at the 130 unedited comments and ratings from my guests over the past eight years. They are unanimously positive.

More importantly, Hawaii benefits when there are all ranges of price for accommodations. My properties appeal to groups of people like families who want beautiful accommodations at reasonable prices. When I had my property with one of these Realtor/ Property Manager operations, they charged 25% more for my exact properties and filled 37% fewer nights than I am able to fill. Those lost occupancy nights would cost Hawaii tens of millions of dollars in lost taxes and tourism income to the state. Passing SB 2089 is effectively shooting oneself in the foot if increasing revenue is the goal.

Please vote against and reject this bill because:

- 1) It is anticompetitive and monopolistic (at least oligopolistic)
- 2) It will hurt a good 10%-20% of Hawaii's tourism business
- 3) It will depress the already soft market for real estate investment
- 4) It will increase unemployment in Hawaii
- 5) It will discourage many families and groups from visiting our beautiful islands due to a lack of reasonably priced accommodations
- 6) It will reduce overall tourism and tax revenue
- 7) It violates the US constitution and the Interstate Commerce Clause
- 8) It discriminates against one class of people in favor of another
- 9) The vast majority of people who have become aware of the bill oppose it, despite the vocal minority who support it out of pure self-interest
- 10) It will damage the reputation of the legislators who proposed and support it, and will likely attract negative national attention to our beautiful state.

I just want you to know that I oppose SB 2089. My experience has always been good without more red tape. Thank you. Barbara Lechich

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Chris Worley  
Organization: Individual  
E-mail: [worleys@gmail.com](mailto:worleys@gmail.com)  
Submitted on: 2/25/2012

Comments:  
Amendment to SB2089

Following the reasoning behind SB2089 and given the estimated loss in state sales tax collection in the hundreds of millions of dollars, and billions in loss of to local store sales due to Internet on-line tangible good sales, the following amendment is added to SB2089...

Any off-island Internet business selling tangible goods to residents of Hawai'i must perform the transaction through a local, on-island, licensed retail business who will collect the appropriate sales tax. The local business may charge the Internet business a fee of up to 50% of the purchase price of the goods.

TO WHOM IN MAY CONCERN:

I AM DEEPLY OPPOSED TO THIS BILL. THIS BILL CREATES ONLY ONE OPTION AND DISTORTS COMPETITION AND HURTS OUR FREE CHOICE AND MARKET SYSTEM. I HAVE RENTED FROM BOTH AND THE INDIVIDUAL OWNER AND COMPANIES THAT PROVIDE THIS SERVICE. I PAID ALL STATE TAXES INCLUDING GE AND TAT'S WHEN RENTING FROM INDIVIDUAL OWNERS. MY INVOICES CLEARLY SHOWS THAT THIS FEES ARE PAID AND COLLECTED.

THIS BILL ONLY WILL HURT COMPETITION AND WILL REDUCE THE AMOUNT OF TAX REVENUE THAT THE STATE OF HAWAII NEEDS IF PASSED. ALSO THIS BILL WILL NOT SOLVE THE ROOT PROBLEM OF TAX COLLECTION BUT WILL REDUCE CHOICES WHICH WILL ONLY DECREASE FUTURE TAX REVENUE.

SINCERELY

ANTHONY GALANTE

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Elizabeth & Chuck Voigt

Organization: Maui Kihei Condo Rentals LLC

E-mail: [voigtus@yahoo.com](mailto:voigtus@yahoo.com)

Submitted on: 2/25/2012

Comments:

In order to fix the problem of non-compliant property owners to pay their taxes, there are much better / simpler ways to accomplish this goal. The internet is here to stay. Those who choose to work with the internet to benefit from it's advantages vs. fight it, are the ones who are growing and succeeding and will continue to do so (e.g. Google, Yahoo, Facebook, Amazon, Zappos vs. K-Mart, Sears and J.C. Penney's). What Hawaii needs to do is use the internet to give it the tools to identify those who are not paying their due taxes. Surely VRBO and Homeaway would willingly require Hawaii owners to list their Tax ID's in their listings. With this number and owner names, State auditors can easily determine if the appropriate taxes are being collected.

Less people in the middle. Favoring big business interest again is wrong. Please do not pass Sb2084 and HB 1706.

Michael Stelma

[michael@arcticprinting.com](mailto:michael@arcticprinting.com)

Dear Senators,

I have read arguments for and against SB 2089. I offer a quick summary of the pro's and con's arguments. Clearly, as written this bill is flawed and is not constitutional as it violates both commerce and equality rights for private property owners.

Arguments for SB2089:

1. Loss revenue from non-reporting income from rentals or incorrect reporting of income by both resident and off-island property owners.
2. Lack of proper on-island representation to assist guests with issues arising from lack of on-call personnel.

Argument against SB2089:

1. Bill imposes a new tax collector (licensed property manager) to collect rents and taxes and forwarding taxes.
2. Bill discriminates against all off-island owners and is deemed unconstitutional since it violates both commerce clause and equal treatment by specifying the use of licensed property managers to private property owners renting their own property.
3. Bill does not have any mechanism to identify the real owners operating illegal transient vacation rentals who don't pay taxes since they are illegal. The bill imposes a heavy burden estimated of more than 30% additional expenses to all off-island TVR property owners thus will force more owners into foreclosures or lower real estate values.

I am a Private property owner using Internet to do the proper client processing, collecting rents (and associated GE/TAT taxes) and corresponding. I have a local on-call property manager, but I pay property management fee, cleaning services, gardening and other maintenance. I report and pay the collected taxes to the appropriate authorities using the normal schedules. I file and pay federal taxes, Washington State and Hawaii income and real estate taxes and pay invoices for service using local companies. As such I have active income rather than passive income associated with my Hawaii house. I keep my own books and do my own tax preparation. I value my relationship with my clients and provide a filter on clients to respect my neighbors privacy. My property is well maintained. A property management company we once utilized did a very poor job of managing our rental. We found it necessary to take on these task ourselves. As a private proper property owner I have the basic right to rent my house without hiring out this personalized service. This legislation is punitive to private property owners who bring millions of tourists dollars to the state annually. I feel that the bill does not satisfy your needs and violates my personal property rights for the special advantage of the large property management firms.

Please oppose this bill.

Sincerely,

Kenneth Robinson

The reasoning behind SB2089 is clearly twofold:

1. Help an ailing outdated industry (the property management "middle man") that has been supplanted by small businesses on the Internet, and
2. As the state's tax collection folks are admittedly incapable of mining their own data, which would easily find tax cheats, absolve them of their responsibility and hope that local companies affected by the Internet business model will more effectively collect taxes.

Therefore, this is really not a "Transient Accommodation" bill; it is a tax collection and stimulus bill aimed at Internet-based businesses supplanting local businesses.

Sales tax losses due to Internet sales dwarf any losses from GE/TAT transient rental losses.

Given the estimated loss in state sales tax collection in the hundreds of millions of dollars, and billions in loss to local store sales due to Internet on-line tangible good sales, the following amendment is proposed to SB2089...

**Any off-island Internet/on-line business selling tangible goods to residents of Hawai'i must perform the transaction through a local, on-island, licensed retail business who will collect the appropriate sales tax. For this service, the local business may charge the Internet business a fee of up to 50% of the purchase price of the goods.**

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Alicia Humiston  
Organization: Individual  
E-mail: [Lisa@tapestryfilms.com](mailto:Lisa@tapestryfilms.com)  
Submitted on: 2/25/2012

Comments:  
Please Say NO to this unfair bill that only benefits the Realtors



Dear Chairs, Vice-Chairs and Members of the Committees:

Turning over our home to Real Estate Agents is unthinkable. I would sooner stop renting or sell my property before I'd let them take control. From what I've seen, they hire transients, increasing the risk of theft from our homes (and guests) once they have access; I'll never know who has access to my home. They rent to guests who think of our property as they would a hotel that they can trash without consequence. This proposal forbids the personal experience I give my guests. I did not buy my property in Kauai'i with this scenario in mind.

This is my home! I deserve control over who has access and who rents from me. I make a point of having a personal relationship with each and every guest before I ever accept their money. I help them plan their vacation. The way guests treat the property, knowing the owner, is much better than those who rent from some nebulous corporation (I have never had any issue with damage... that the guest hasn't repaired themselves... often bettering the property's condition). I get a great deal of satisfaction when I hear how much they enjoy my property and how fun their vacation is. I selected my housekeeper very carefully, and know she is trustworthy and hard-working and the only person who has access to my property (and receives the needed 1099). Now, you want to take that away! I will not let you. It will not happen; whatever my legal recourse, the state will lose my GE/TAT taxes if this bill becomes law as written, even if it means I have to change my retirement plans dramatically (and not retire in Hawai'i).

Claims of Property Managers "take" range from 15% (from the Property Managers) to 50% (by the owners). My personal experience is that: while their base percentage is closer to 20% to 30%, when they add on all their additional fees it becomes half my revenue. This makes no sense: this bill would have me lose half my revenue to assure that I'm paying the 13.42% taxes that I'm already paying? This is unreasonable by anybody's measure. This will put more property on the market, in an economic climate where prices have already plummeted, and decrease lodging availability with fewer available rentals, and decrease the state tax revenues (both property tax due to lower valuations and GE/TAT taxes from decreased availability); the opposite of the intended effect.

The demise of property managers is inevitable in the evolution of capitalism given the Internet: removing the "middle man". The Internet has made it possible for many new small businesses to be created where none previously could have existed. In this case, it has allowed middle-class folks like me to fund a future retirement in Hawai'i with a small vacation rental business to offset costs. This business model works efficiently as is. The intrusion proposed by this bill would completely destroy this business model.

As a Democrat, I often have to justify "unnecessary regulation, choking small businesses, spurned by special interest"... one of the Republican's favorite jobs in their arsenal. But, in this case, we don't have a valid justification; we've gone too far in obviously trying to give the Real Estate Lobby a new revenue stream, while creating a devastating burden on the small business owners like myself.

An analogy: Internet sales have also decreased sales tax revenue (much more than transient accommodation tax). A similar argument/request could come from the brick-and-mortar stores, whose sales have declined due to Internet sales, requiring all on-island Internet sales go through them. They too must realize that the Internet has changed how the economy works, and it would be ridiculous to mandate the same sort of revenue stream you're promising the Property Managers to revive a dead "middle man" in the name of recouping whatever taxes aren't currently being paid.

Tax revenue is understandably important, but I don't think such a heavy burden on current small business revenue is warranted. There are other ways to find the tax cheats. For example, correlate the address information arriving visitors claim (when entering the state) with property ownership and GE/TAT records... simple data-mining programming of data you already have will find folks who aren't paying taxes... there is other data you already have that you could mine to find similar information. If somebody is paying less than their neighbor's taxes, you could look on their VRBO or FlipKey advertising pages for their calendars and rates, and see if it jibes with what they are paying in taxes (knowing that discounts are often given to attract guests... for example, my average charge per day in 2011 was about  $\frac{3}{4}$  of my maximum nightly charge listed on the internet)... i.e. two equally valued properties in the same area should be paying equivalent taxes proportional to their calendar derived occupancy. Simple data mining of existing (and web-crawled) data. Maybe the tax collection department needs the expertise to organize and mine the data appropriately; that's a much simpler fix.

As with most homeowners these days, we're "under water": my mortgage exceeds the properties worth, but I continue to pay. As with most vacation rentals, even though I run the business myself, I cannot come close to break-even in the current economy. My justification for being in this business is that I truly enjoy helping people have a great vacation... now, you want to take that away and increase my losses significantly.

Local emergency numbers are important too. I do have two people on-island whose numbers I provide to my guests and are available 24/7 should disaster strike (and it has, once). This is important, and I'm not against a regulation that there be a local emergency number for guests to call, but not a real-estate agent (i.e. have people who will actually be able to do something constructive about the issue). I think this too can be regulated without destroying the currently working business model as proposed.

Before ruining my business, I plea that you gather empirical data on the claims being made against our business model. How much tax is being lost? How much could be recovered with this solution? How much tax revenue might be lost by implementing this solution (both GE/TAT and property taxes due to lower valuations)? How much revenue could be recovered/lost via other solutions? What would it take for the tax commission to gain the expertise needed to mine their existing data and/or web crawl for internet-mined data? How much will this solution really cost our small businesses? How many of these businesses will fold and lose their property and investment if this bill is passed? How many of these small businesses might choose to remove their property from the rental market? How many vacation rentals will go up for sale? How much might this effect the price paid by guests (when the supply of rentals decrease)? How will the glut of new properties on the already depressed real estate market further effect prices? How will the lower property values caused by this bill effect property tax revenues? Having some understanding of the effects of this bill is important before writing it into law. Anecdotes and conjecture are plentiful, but need hard evidence to back them up or discount them.

You're not only taking away my ability to do business, you're taking away a labor of love, and destroying my retirement plans. You should seriously consider the effects this bill will have, and vote against it.

Sincerely,

Chris Worley

I am overwhelmingly opposed to both those bills becoming law.

I rent out legitimately and have always charged and remitted GET and TAT on time and intend to continue to do so.

I do not advertise on VRBO as I prefer to rent only to closer connections and their referrals. I do not need a property manager as a great portion of the year I am in my condo. This would be a most useless expense. From my knowledge there are no recommendable ones around here either. They seem to do little for big charges. I have a friend who checks my condo for insurance purposes when it is empty and will help guests if they have any small problems I can not help with. I am available by phone and computer 24/7 for them.

I know who started the ball rolling on these bills and I think it was sour grapes. A few years ago he wouldn't even look at managing in our condo complex anymore but now that the economy has downturned he is not making the cut with the high end ones he left for and needs to backtrack. That is my opinion.

I am opposed to these bills.

KRGP  
Waikoloa Beach Resort  
Condo Owner

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Catherine Eckel  
Organization: Individual  
E-mail: [ceckel@pinninvest.com](mailto:ceckel@pinninvest.com)  
Submitted on: 2/25/2012

Comments:  
I oppose SB 2089

I am a on-resident owner.

This bill is about two issues:

1. The right of free choice by both the potential guest and the property owner to determine if they would like to deal directly with each other or through a third

party. Non-resident property owners already have a cadre of on-island people they can turn to in the event of a problem.

2. A "land grab" by wealthy on-island management companies who are having difficulty competing in the internet age. They have developed spurious arguments in the attempt to eliminate competition. However I believe state Senators and Representatives see through their ruse.

Please do the right thing for Hawaii and protect the Aloha spirit, protect the right of choice and say No to "land grabs" by greedy vested interest groups such as the management companies

February 25, 2012

Ivan and Ana Penich  
2431 S. Saratoga  
Mesa, Az 85202

SB2089

Dear Members,

In opposition to SB2089, it is regrettable that this bill has come to life and that it is even being considered in the current economical and fiscal environment.

The lifeblood of Hawaii is its position as a premier vacation destination in the world. The industry has done well in the past and has survived various downturns but still rates as the top destination for families.

If this bill passes it will mean the end to our and may others renting our unit and will force us to change our unit designation from a hotel/condo rental to owner occupied unit.

This change will not only eliminate all rental tax revenue to the State of Hawaii, it will also reduce property tax receipts due to new usage designation. In addition, it will eliminate multiple jobs we currently employ, such as cleaning services, repair services, gift basket services, etc. as we will not rent our unit through any management company or real estate agent.

Our unit will be strictly family and friends occupied. No rental tax revenue.

We ask that you oppose this bill and keep Hawaii as the premier vacation destination in the world.

With all due respect,

Ivan and Ana Penich

It has been brought to my attention that the legislature has decided to make a rule that will force certain property owners to employ a property manager in regards to rentals.

This must be in response to some owners that mis-manged their properties, or the County thinks it is losing revenue or to help some businesses grow by reducing competition.

Some points to realize:

1. These properties are not competition since the price point is much lower than local hotels, etc.
2. The property tax and bed tax paid is very high due to being classified as resorts so revenue is coming into the County
3. There should be a complaint procedure that tracks complaints and if a given property gets more than x verified complaints in a year, then they fall under this legislation.
4. With the expense of a property manager, the net profit is eliminated and therefore the operation is no longer viable. This legislation is effectively a ban on this operation type.
5. Property managers do not operate in the most effective style of operation to maximize profit
6. Property managers are often overwhelmed with too many clients and favor some and ignore others and will not mean high customer satisfaction or response to renters.

Do not blanket changes to the law to make a few organizations happy at the expense of legally operating resorts/properties. If the Property Manager is employed as a local on-island representative, at a reasonable set monthly fee regulated by the County, and not required to be involved in all aspects of the rental (including a percentage of it), then this might be a fair compromise to the legislation.

I am against all legislation that hinders competition on the island.  
Darren Grosvenor

This letter is to let you know that I am opposed to Bill SB 2080! Renting from realtors or property managers is so impersonal aside from the fact that I would pay 30% to 45% more for the same condo! Why would I do that - cut out that middle company! If this passes, I will rethink my travel plans! Dealing with an actual home owner is so much better!

Do not pass this bill!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Brad Kreller  
Organization: Individual  
E-mail: [kreller2124@aol.com](mailto:kreller2124@aol.com)  
Submitted on: 2/25/2012

Comments:

This bill would be detrimental to all involved, including the state of Hawaii!

Not only completely discriminatory against those non-residents, the bill also has missed the fact that less competition will create a market for a very few managers that will undoubtedly raise all the rental rates across the island, thus only the wealthy will be able to afford accommodations since airfare and car rentals (not to mention food and entertainment) are other costs associated with travelling to the islands. If accommodation rental rates are increased, this will limit the amount of folks willing to travel on a budget and we will lose them to Mexico and Florida. The economy is still suffering and if we don't provide healthy competition to ensure transient accommodation rentals are affordable, the negative impact, on a whole, will be wide-spread and the islands will suffer as a result.

There should be a better way to track the GET/TAT paid. That's the issue and that's what should be focused on. For those of us that pay the quarterly taxes, it's too bad we are to suffer for those that don't. To make an across the board change such as HB 2089 is doing, is completely ridiculous and unbelievably biased.

Good Afternoon,

Proposed Bill SB2089 "Requires any nonresident owner who operates a transient accommodation located in the nonresident owner's private residence, including an apartment, unit, or townhouse, to employ a property manager approved by the real estate commission." We purchased a small condo in Kihei less than a year ago, a lifelong dream of ours. We love our family time on Maui and when we're not using it we rent it out. We employ a local housekeeper and contractor to handle any emergency situations but we look after everything else ourselves. Because we do most of the work ourselves we're able to keep our rental rates low which in turn allows many people who would otherwise not be able to afford a trip to Hawaii to come here and contribute to the economy. We put our blood sweat and tears into renovating a derelict unit into a beautiful vacation home for all to enjoy. We pay our taxes in full and on time.

If this bill is passed we will be forced to sell our dream and take our tax dollars elsewhere. Many new buyers considering a second home or income property will not purchase one since they will not be permitted to self manage. They will invest in other markets. Increased fees will cause us to have to raise our rental rates and will have a negative impact on tourism, and an adverse effect on owners, resulting in more properties on the market, driving down real estate prices even further.

The existing tax laws need to be enforced. This bill unfairly targets law abiding, tax paying owners and discourages investment in the Hawaiian economy.

This is why I am opposed to SB 2089! Thank you for your consideration.

Sincerely,

Manfred Wagner

Aloha Senator Baker,

I am writing to object to the proposed legislation SB 2089. I purchased a condo in Mauna Lani, Hawaii in 2006, at the peak of the market and have been able to hold on to the condo by being able to rent out the unit myself. The property management companies in Hawaii have been ripping off people for years with management fees as high as 50% of the income. What makes me believe that licensed realtors would act any different? This is another veiled attempt to give business to a special interest group, and ignoring the very people that help facilitate the Hawaiian tourist economy. I feel that to have to hire a licensed realtor to handle the renting of my condo to get tax revenue is unnecessary, as current laws should be enforced to do such. The passage of this bill will only devalue vacation properties as investments in Hawaii. I appreciate your consideration

David Giacomini

This is not fair. We invested a million dollars for our condo. We pay all our TA and GE Hawaii taxes, and have never been late.

If a realtor wants to steal our money shame on them. Please oppose this unfair bill.

Thank you,  
Jeff Jarrett

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Ted Franse

Organization: Individual

E-mail: [tedfranse@yahoo.com](mailto:tedfranse@yahoo.com)

Submitted on: 2/25/2012

Comments:

Where the hell is this coming from? You will kill us all. Most already pay our damn taxes and we already get next to nothing for our stays either, thanks to the crap of an economy and higher airfares for folks that want to travel to the Islands of Hawaii. My two condos in Kauai have nightly rates that have already dropped from \$185 a night to the current \$125 a night, from which taxes still have to be paid. Oceanfront property for less than a typical hotel room in the other 48 States ,along a freeway with hookers. You want many of us to now lose our properties, because we would have to pay a Realtor 25% to 50% commissions and taxes.And? They have no financial tie to book our places.The "Owners" do. Shit, there won't be any money left for me to pay the Mortgage, Insurance, H/O dues.Gross \$125, minus \$50 dollar commission, \$20 bucks for taxes, minus cleaning fees, not counting any expenses? Leaves me a whole \$50 bucks a night for a \$600,000 condo. You guys suck. Politicians, plain outright, just suck. Why don't you pay attention to ALL the money YOU WASTE! Not the few that may not be sending in their taxes.



Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Ted Franse  
Organization: Individual  
E-mail: [tedfranse@yahoo.com](mailto:tedfranse@yahoo.com)  
Submitted on: 2/25/2012

Comments:

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And you want us to have a Realtor, manage our money? Crap, most of them are starving, as they have no sales happening. How will we get our money from them? If they choose to screw us? They will be like everyone else that should be sending funds. They won't.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Patricia G Schramm  
Organization: Individual  
E-mail: [trishschramm@charter.net](mailto:trishschramm@charter.net)  
Submitted on: 2/25/2012

Comments:

It takes a lot of saving and planning to visit paradise. When visiting, your stores, restaurants, bars, tour guides etc. are all patronized and gladly so. Visitors meet the people they're paying and, if treated well, they return and pay them more because they like doing business with them. I prefer and require securing lodging from someone I know and trust. The thought of some over reaching bureaucratic commission sticking their nose in, or rather, their open hands to get a piece of what I'm spending sickens me. It reeks of pocket padding

corruption and will certainly result in visitors looking elsewhere to vacation.  
Bad Form...very bad form.

Please oppose SB 2089.

This bill will add unnecessary costs to rentals in Hawaii. Owners and property managers alike can serve their guests well or serve them poorly. Requiring property managers on all rentals will only increase the cost of rentals. I urge you to oppose this bill.

Judy Berlfein

To Whom it May Concern,

I have recently become aware of this bill being considered, and wish to express my sincere opposition to it.

If the cost is 25% - 40% more for the same condo, I may certainly reconsider my continuing visits. Also, renting from the owners was a good experience and I paid the tax when I rented from the owners!

Please leave a good thing alone since it's working for so many people.

Thank you for your consideration,  
Gael Forest-Knowles

To Whom It May Concern;

I am under the understanding that there is a bill being passed in Hawaii that would require homeowners to get a property manager or realtor to manage their homes. I feel that if this were to happen that it would greatly increase the cost of being able to come visit this great state. We have come three times in the last two years and have worked directly with homeowners and have had a great experience each time. If the cost were to rise 25%-40% we would not be able to come anymore. Being able to work directly with the homeowners has allowed us to save money on our housing that has in return been used to support the smaller businesses in the towns we have stayed at. If we had to pay more for housing this money wouldn't be spent anywhere else or likely we wouldn't be able to come at all. Every time I have rented a home in Hawaii I have payed tax in my payment.

I hope you would reconsider what this bill is asking of your renters. We love the great state of Hawaii and can't wait to come back but if the prices were to increase that much we won't be able to come at all.

Thank you for your time,  
April Bringham

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Kathy Doran

Organization: Individual  
E-mail: [forkona@sonic.net](mailto:forkona@sonic.net)  
Submitted on: 2/25/2012

Comments:

Dear Senators,

My name is Kathy Doran. I have owned and rented property on the Big Island since 1992. I have always paid both my general excise and my transient accommodation taxes. My hope had been to retire from teaching on the mainland and move to Hawaii. When the real estate market fell apart in 2008, I was left with a home that I cannot sell in California and a home that is underwater in Hawaii. I have mortgaged my home, have been borrowing from my retirement, and have been renting the house in Hawaii in order to keep it. I cannot afford to have an agent doing the renting for me, unless of course, they plan to do it for free. This bill would finish me off. You will have one more home on the Big Island in foreclosure. This bill will also help to kill tourism which is just starting to rebound after the tsunami last year, when many people were afraid to come to Hawaii. Rentals like mine provide space for families to come together for vacations, reunions, weddings, etc. This bill would also encourage more people to avoid paying taxes. Many people would stop registering their property as a rental thus avoiding the government altogether. I know you probably have the best intentions for the state of Hawaii in mind when you think about passing this bill. However, in my scenario, you would actually be hurting the state, fewer taxes would be paid, fewer tourists would be able to come, and more people would try to fly under the radar, the safest way to avoid taxes completely. For my sake and many others like me and for the state of Hawaii please vote NO on SB2089.

P.S. I have one more thing to add. I know that you may think that by having licensed agents handle this you would have fewer people cheating. I don't cheat. I am a teacher. I believe in paying my taxes so we can have schools, police and fire services, and parks to name a few of the services government provides. I had a management group with licensed agents handling my rental several years ago. I began renting my property myself when I found out my agents were under reporting my rentals. I told a neighbor I was having trouble paying my mortgage since I so few rentals. She told me my place was rented all the time. I had her keep her eyes open and make a note of how often I had people there. My management company was reporting to me and to the government only a few days of rentals in each month, even when it was rented most of the month. I found out the hard way that having a license does not always guarantee honesty. Please vote NO on SB2089 Thank you.

Hello,

As a homeowner of the vacation rental property in the state of Hawaii for the last seven years I am extremely concerned about effect that the Bill SB2089 may have on the vacation rental business and overall economical health of Hawaii. There is no evidence that non-resident homeowners pay no taxes while all residents do. So what's the point of punishing one of the owners categories? It becomes a discriminatory action.

This said, I do not understand the reason behind this bill. I pay taxes to the state of Hawaii regularly and provide the highest level of service to my clients (some of the latest testimonials are provided below). The main purpose of my investment in Hawaii was that I can rent it out most of the time and come enjoy surfing and great life and culture of the Hawaiian islands once in a while on my own. If I am forced to take a cut from my profit by 35%-50% I won't be able to stay afloat with astronomical figures of HOA dues, electricity and mortgage payments. And this is exactly what will happen if management companies will take over. I will have to bail out from the paradise and my property will be sold for a half of what I currently pay property taxes for. Effectively the state of Hawaii will lose revenue on property taxes. Now multiply this number by dozens of thousands of other homeowners that will do the same! Because there is no magic even in Hawaii, the accounting works the same way.

Speaking from my experience, I surely can do a better job than any management company I dealt with during the last seven years. I can fill in my availability calendar better, I pay to a local cleaning and maintenance services that are carefully selected for this job, I have a local point of contact for emergencies, I pay property taxes and sales taxes collected from the guests. Why this bill has gone so far to punish me and owners alike and eventually the state of Hawaii?

Please consider this letter as my formal letter that I oppose SB2089.

Below please find testimonials from my most recent guests (I have a hundred more):

This is a wonderful resort, the best on the island. Our condo was perfect.

Verified Review — SARAH C. February 02, 2012

We visited July 2011, we love this property and the location - it is in the middle of both North Shore and South Shore so you can visit both sides of the island, just like we did. This condo has a lovely restaurant where we enjoyed small plate cuisine...very tasty and a great location to sip cocktails and enjoy the sunsets. Please don't forget to visit one of the local bike shops, we very much enjoyed renting bikes and biking along the coconut coast up to Anāhola...so much fun, so relaxing and so beautiful. We want to make Kauai an annual experience...this island is our unanimous family favorite. This is our second trip to this condo, it was like coming home. Working with Vadim is a breeze, he is so responsive, I have great confidence in our transaction; especially enjoy the payment system set up, very easy to use and I just feel very secure about the transaction. We hope to be back this year.

Verified Review — Renee V. January 25, 2012

Great place in Kauai to relax. Condo very clean and well situated. Will return any time.

Verified Review — Jean G. January 30, 2012

We had an awesome time. The condo was great. We enjoyed the view to the beach and the proximity to the beach. It was very clean and updated.  
Verified Review — Greg M. January 29, 2012

The condo was beautiful, clean and tastefully decorated, exceeding our expectations. Ocean view is from a distant and best seen from the balcony. The pool area is nice but fairly crowded. One large group occupied the end area of the pool (nearest the ocean) almost everyday and it didn't seem like they were guests. Perhaps friends and/or family of one or more of the staff???

Verified Review — Joseph F. January 26, 2012

Gorgeous, contemporary, clean, everything we look for in a place to vacation!  
Verified Review — Kris L. January 31, 2012

Great location: Center of the island, you can easily get to either end from the condo. Decor: Clean and gorgeous. Modern and updated, felt at home. Loved cooking in the open kitchen. Views: Beautiful view of the ocean from bedroom and living room lanai. We wouldn't stay anywhere else if we ever get back to Kauai.  
Verified Review — Jennifer G. January 31, 2012

We stayed in 2009 and it was perfect. The beach was beautiful as well as all amenities. The condo was beautiful, we definitely cannot wait until we can visit kauai again. We definitely would book this unit in the future! Suzanne & Josh  
Verified Review — Suzanne B. January 31, 2012

To whom it may concern:

R: Opposed to SB 2089

I understand this bill will require individual property owners to hire a property manager or realtor to manage condos. I am opposed to this bill as it will unnecessarily increase the cost of renting compared to renting directly from owners. My recent stay in Kauai renting directly from a condo owner was a wonderful experience and have referred friends to this same place. I had hoped to return, but if the price is significantly increased because of this bill, I will have to rethink my visit.

Thank you for your consideration.

Ken Y. Yoneda, M.D

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Terry Johnson

Organization: Individual

E-mail: [Terryjohnson@hotmail.com](mailto:Terryjohnson@hotmail.com)

Submitted on: 2/25/2012

Comments:

This bill is a thinly disguised effort to put non-resident owners of vacation rentals out of business. The realty businesses want to continue their practices of charging top dollar for their rentals. We are embarrassing them by the superior value and care that our guests enjoy in Hawaii. By running our businesses, they can effectively run us out of business. Please do not pass this bill. It is a terrible miscarriage of justice and very likely unconstitutional.

To Whom It May Concern,

With the recent economic crisis already impairing much of the country I would urge you to carefully consider the impact that SB 2089 would have on the influx of visitors and income if this bill were to pass. Please oppose this bill so that I may continue to enjoy your beautiful home state for years to come.

Many Thanks,  
Michelle Tilley

The Honorable Rosalyn Baker  
State Senate

415 South Beretania Street  
Hawaii State Capital, Room 230

Honolulu, Hawaii 96813

Re: SB 2089

Dear Senator Baker:

Bill 2089 is patently unconstitutional discrimination against non-resident property owners by the State of HaWai'i, in violation of the United States Constitution. The Constitution prohibits discrimination against nonresidents through the Equal Protection, Privileges and Immunities and Commerce Clauses. It is Well-settled law that the right to own and dispose of privately-held property is a "fundamental right" for purposes of the Constitution. *Daly v. Harris*, 215 F. Supp. 2d 1098, 1101 (D. Haw. 2002) (Honolulu's Hanauma Bay non-resident fee ordinance). Under the Equal Protection and Privileges and Immunities Clauses, discrimination on the basis of residency is reviewed under strict scrutiny. The statute is unconstitutional if it is not necessary to further a compelling state interest. *Walsh v. City and County of Honolulu*, 460 F. Supp. 2d 1207 (granting injunction against HaWai'i's residency requirements). In fact, the HaWai'i Supreme Court has held that HaWai'i's durational residency requirement "exists Without a rational basis." *York v. State*, 53 Haw. 557, 561 (1972).

Likewise, under the Commerce Clause, the inquiry is Whether the law regulates evenhandedly with only incidental effects on interstate commerce, or whether it discriminates against interstate commerce, which means different treatment of in-state and economic interests. "If a restriction on commerce is discriminatory, it is virtually per se invalid." *Barber v. State of Hawaii* 42 F.3d 1185, 1194 Cir. 1994).

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Dianne Smith  
Organization: Individual  
E-mail: [dmsfremont55@sbcglobal.net](mailto:dmsfremont55@sbcglobal.net)  
Submitted on: 2/25/2012

Comments:

Proponents of SB 2089 are mainly real estate property managers, and their stated reasons for pushing the bill are because they claim vacation rental owners don't have on-site supervision, consumer protections for guests, and above all, don't pay their Transient Accommodations Tax (TAT) General Excise (GE) taxes. The property managers argue, without any evidence to support their numbers, that independent owner-operators deprive the State of millions of dollars in unpaid

taxes. Regarding consumer protections, guests are encouraged by owners to purchase travel insurance or trip cancellation insurance, and most credit cards offer reimbursement in the event of a breach of contract. As for an on-site presence, independent owner-operators are on call twenty-four hours a day, seven days a week, but not all property managers provide round-the-clock staff for the units they oversee.

The true motivation behind this bill, though, is that real estate property managers are losing profits and market share to owners who choose to self-manage their rentals. The internet has encroached upon the profits of real estate property managers, but it has also had positive effects, lowering prices for consumers and distribution costs for businesses. Just as the Industrial Revolution over 150 years ago rendered blacksmiths obsolete, so the Information Age with its invention of the internet has revolutionized today's economy. Still, it is not the role of State legislators to interfere with competition in the marketplace.

Successful businesses are competitive and responsive to new developments, including cataclysmic ones like the internet. If property managers in Hawaii struggle to compete with the market changes it has wrought, they should consider reducing their exorbitant 30 to 40% service fees. Hawaii State Senators have no business interfering with the natural causes and effects of an efficient marketplace, particularly when it amounts to a restraint of trade to create a monopoly for a small minority.

Many vacation rental owners prefer to manage their own businesses, offering a personal touch while respecting their visitors' private information. Mandating them to provide client lists to a management company invites unauthorized use of their data. A real estate management company could sell the customer's personal information or use it to direct them to rent other properties in the manager's portfolio. SB 2089 will devastate these small businesses and do a disservice to other properties in the neighborhoods because the quality of management will suffer. SB 2089 will not accomplish what it is supposedly intended for, but will violate personal property rights in favor of special treatment for property management firms. It goes so far as to force friends and family members to book their stays through a property manager, a violation of the most basic of individual property rights.

The argument that Hawaii may be missing out on lost tax revenue by tax-evading vacation rental homeowners is the only legitimate one, but SB 2089 and HB 1707 won't ensure the filing of tax returns. And at no level does any government agency require a citizen's salary or income to be received by a third party. This is not a government function the Legislature can unload on the backs of people in the real estate industry. Everyone is bound by law to pay taxes they owe, and if there is non-compliance, those same laws impose penalties of interest, fines, or for fraud, jail time. Hawaii already has laws that require any person receiving income for transient accommodations to collect TAT and GE taxes. If there is non-compliance of that law, the crime is in not paying one's taxes.

Rather than enact a problematic bill like SB 2089 into law, the Legislature must devise a way to discover if nonresident owners are paying all the appropriate taxes. Are there no creative thinkers in the Legislature that can solve this



dilemma? Is there no common sense in the hallowed halls of government? In 1830, the Frenchman Alexis de Tocqueville wrote in his book, Democracy in America, that the brightest minds in the United States were in business, not government. This certainly still holds true today, especially in Hawaii.

The State could easily solve the tax problem by perusing their own files. Visitors flying to Hawaii are handed a form provided by the State on airplanes before they arrive, asking where they are staying and for the duration of their visit. Since the State already knows who owns each property and who is paying taxes, it could easily set aside a small clerical staff to compare the data. This would be a relatively simple remedy to implement. Another solution would be to require all TVU owners to submit an annual compliance report indicating that taxes have been paid.

In Honolulu, vacation rental owners have been crying out for years that archaic laws relevant to their industry need to be updated. No new permits for vacation rentals have been issued since 1989, yet the industry has significantly changed and grown since then. Legislators should be devoting their time to establishing a permit process with reasonable guidelines for all to abide by. The proposed legislation is clearly unconstitutional because it discriminates on the basis of residency and will take away the most basic of individual property rights. SB 2089 deserves to go down in flaming defeat.

I oppose Bill 2089.

I'm assuming the dual purpose of this Bill is to have an on-island person responsible for a rental when the owner is a non-resident so that the City gets its TA tax and GE tax paid on the rental and so there is a local contact in the event there are concerns from the neighbors in regards to the rental.

Regarding the tax issues: If the TVU is a "legal" TVU it is very simple to check to see if they are paying their taxes by their TAT and GET records. The owners should be complying with the law, and if they don't, there should be the normal IRS penalties. The people who are running TVU's now without paying taxes will continue to operate without paying taxes because if the City hasn't had the resources before to find them, this Bill won't change anything. How is the City going to check if someone is hiring a property manager? If the City wants their taxes, they should hire more IRS agents not put undue costs on the TVU owner who is complying with the laws.

Regarding the on-island real estate-sanctioned property manager for the noise complaints--the police should be called if there is a valid disturbance after normal hours. If a neighbor is renting out his house with no regard for its neighbors, (whether short term OR long term) the DPP should be notified if it's a code violation.

Requiring owners to hire someone to do the job that they are fully capable of doing because the City is not doing it's job of checking for tax violations is just another example of more intrusive bad government. One idea is that if the City wants more taxes, maybe it should consider certifying more legal TVU's so they no longer have to hide. I know several TVU/B&B owners who don't pay taxes because they are afraid of the City finding out they have a TVU/B&B and shutting them down.

This Bill is not the answer to a very complicated issue.

I am writing to express my opposition to SB2089 because it will have unintended but extremely negative consequences to Hawaii.

I assume the intention behind the bill is to ensure receipt of the required taxes from non-resident property owners as well as the cleaners and other contractors they employ. That is a worthy intent,

but should be accomplished with other measures. **As the bill stands now, it will extend the crisis in real estate values and foreclosures as well as depress the tourism industry.**

Here is why:

1) Extend the real estate crisis:

The property management companies charge 30-40% of the rental fees for services that homeowners now do themselves through VRBO. Once you add the costs of cleaning, wear and tear, HOA fees, property taxes and insurance, the return on investment for owners of vacation rentals will be miniscule. Unless they own the property in Hawaii purely for the purpose of coming to vacation in a home of their own and rent it out purely for the purpose of covering the costs of ownership, they will have to sell the property to invest the money in an income producing vehicle. Not all owners will sell immediately – many will hold on waiting for real estate prices to recover – but that will just drag out the real estate slump even longer as thousands put their properties up for sale each time that the market seems to recover.

2) Depress the tourism industry:

Many home owners will try to pass on the increased costs to the vacation renters. Vacationers who rent private condos and homes instead of staying at hotels do so to a large extent because it is cheaper. They will not pay the higher costs (or stay in Hawaii hotels instead), but simply take their vacations in the many convenient alternatives such as Florida, the Caribbean, Mexico... Instead of a slow but steady recovery from the slump in tourism numbers and spending in Hawaii that we have seen since the crisis in 2008, there will be another slowdown, with all the negative consequences for most of Hawaii's economy.

If the intent of the bill is to ensure a good experience by visitors to Hawaii then it will NOT achieve its goal. Property management companies do not know the details of the many properties under their care. I have personal experience renting from a property management agency:

I have twice rented a vacation condo in Maui through a property management company. The company could offer me a great number of condos – it seemed that they had 40 or 50 under management – but it was clear that the rental manager had very little concrete knowledge about any of the condos. I could only get vague answers about each condo, such as whether it did have wireless internet, and both times I found on arrival that some of the answers were incorrect. After my second trip where I found the condo dirty, with a broken TV, and no internet connection despite assurances to the contrary, I decided to never again rent from a rental agency. Owners, on the other hand, know their condos extremely well and are much more involved in keeping their property in good shape.

I am also the new owner of a vacation rental property in Maui but my more pressing self-interest is in the health of the Hawaii tourism industry as I am the owner of a wholesale company with most of its sales in Hawaii. As company owner, I have been part of the Hawaiian economy (and reported and paid GET taxes) since 2008. As a vacation rental owner, I have had my first set of renters in January 2012, and since listing my condo on VRBO.com, have had many inquiries and am now booked through the middle of April. But my rental income will be a fraction of the sales of the company's sales, therefore my main self-interest in opposing this bill is because of its impact on

Hawaii's tourism industry. You have seen testimony by the property management companies – clearly a lobby that stands to gain income if the bill passes – and some by vacation property owners who stand to lose income if the bill passes, so either group has self-serving motivations in their feedback to you. I may be one of the few people whose primary concern is the negative consequences of the bill to all of Hawaii.

In case that you are wondering if I am complying with the rules: I advertise my rental myself and field the inquiries and bookings through VRBO. An on-island realtor is the local contact for my renters. He gets 10% of the rental fee in compensation, which is already a rather generous amount given that he does not incur any of the effort or costs of the bookings – he simply needs to be on call if a renter has a problem or a question and be able to meet the renter in person if necessary. In January 2013, I will generate 1099 forms for my payments to the realtor and the cleaners. And I charge my renters both GET and TAT and have applied for and received the necessary business license.

Thank you for your consideration of my testimony  
Andrea Butter

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Chris Worley  
Organization: Individual  
E-mail: [worleys@gmail.com](mailto:worleys@gmail.com)  
Submitted on: 2/26/2012

Comments:

The reasoning behind SB2089 is clearly twofold:

- 1) Help an ailing outdated industry (the property management “middle man”) that has been supplanted by small businesses on the Internet, and
- 2) As the state's tax collection folks are admittedly incapable of mining their own data, which would easily find tax cheats, absolve them of their responsibility and hope that local companies affected by the Internet business model will more effectively collect taxes.

Therefore, this is really not a “Transient Accommodation” bill; it is a revenue-generating and stimulus bill aimed at Internet-based businesses supplanting local businesses.

Sales tax losses due to Internet sales dwarf any losses from GE/TAT transient rental losses.

Given the estimated loss in state sales tax collection in the hundreds of millions of dollars, and billions in loss to local store sales due to Internet on-line tangible good sales, the following amendment is proposed to SB2089..

Any off-island Internet/on-line business selling tangible goods to residents of Hawai'i must perform the transaction through a local, on-island, licensed retail business who will collect the appropriate sales tax. For this service, the local business may charge the Internet business a fee of up to 50% of the purchase price of the goods.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Support  
Testifier will be present: No  
Submitted by: C. Krog  
Organization: Individual  
E-mail: [makereservations@konarentals.com](mailto:makereservations@konarentals.com) Submitted on: 2/26/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Support  
Testifier will be present: No  
Submitted by: L. Conway  
Organization: Individual  
E-mail: [la2island@live.com](mailto:la2island@live.com)  
Submitted on: 2/26/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Donald Healy  
Organization: Individual  
E-mail: [donhealy@pcmc.com](mailto:donhealy@pcmc.com)  
Submitted on: 2/26/2012

Comments:

Aloha, we are property owners on Kauai and strongly opposes Bill SB 2089. We feel it discriminates against non-resident owners who privately rent out their homes. We also are property tax and GET/TAT tax payers in the state of Hawaii so why are we being singled out. This bill will bring large unaffordable costs to the private rental group. We did try the greedy rental management groups on Hawaii and barely avoided foreclosure in which many of our fellow owners were not able to do. The large rental management group also did a VERY poor job of

maintenance and management at a very HIGH cost. We take great pride in our home in Kauai and do employ on-island help to clean and maintain our home. We believe this bill SB2089 along with the similar bill 1707 will do exactly the opposite as its intention of collecting more tax revenue. We feel we bring a whole new group of tourists to Hawaii that because of rising airfare costs, etc. would otherwise not be able to afford a vacation in Hawaii if not for the affordable housing we provide during their visit. Once in Hawaii they will spend money and enjoy what Hawaii has to offer.

There are other ways for Hawaii to monitor tax collection than to discriminate and single out non-resident tax paying owners and apply a very large cost to their vacation rental. This will also put the vacation rental unit back in the hands of a group that in many cases have NOT done a satisfactory job. This may also increase home sales and foreclosures.

Thank you very much for your time...  
Don (a concerned property owner on Kauai)

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Support  
Testifier will be present: No  
Submitted by: J. Alderman  
Organization: Individual  
E-mail: [moddielv@aol.com](mailto:moddielv@aol.com)  
Submitted on: 2/26/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Support  
Testifier will be present: No  
Submitted by: J. Conway  
Organization: Individual  
E-mail: [jeninhb@hotmail.com](mailto:jeninhb@hotmail.com)  
Submitted on: 2/26/2012

Comments:

Aloha,  
For years owners have been renting their properties illegally without using a Property Manager. This takes revenue away from the State of Hawaii, the Property Manager and the owners that have been doing things according to the law. The illegal owners undercut the market rental rates since they pay no taxes for the rental. This is unfair to the owners that operate in the legal manner and should be stopped. Of course they should be able to advertise on Internet sites and rent their property however this should be done and funds collected through a licensed Property Manager with licensed employees and a local office as the law currently requires. The Property Manager issues the owner a 1099 each year for tax purposes. This allows the State of Hawaii to collect the proper taxes due and

also protects the consumer from unscrupulous owners that have no license therefore cannot be censured in anyway.

Please help keep the Hawaiian experience affordable for families. Suggesting a middle man is needed for off island owners adds a layer of expense that would have most certainly shortened my upcoming month long stay. I plan on having a great time spend money all over the island for one month and am the envy of my entire office. Its very possible some may be motivated to do the same my company provides 2 month sabbaticals after a number of year of service providing great vacationing opportunities. If I had not been able to find something in a semi affordable rate my stay would have been cut in half. Half the number of dinners, half the number of dive trips, half the length of car rental, half the number of visits to the local farmers market, gas station I don't need to go on. Its a no brainier I have many friends on Maui times are not good this is not the time to throw a wrench into the visitor industry. Please don't make it more difficult for those who visit to enjoy the gifts of the islands. Mahalo, Nancy Thayer

Sent from my iPad

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Lucy Snyder  
Organization: Individual  
E-mail: [lucysnyder4@gmail.com](mailto:lucysnyder4@gmail.com)  
Submitted on: 2/26/2012

Comments:

I oppose Measure SB2089 as it will cost the state of HI significant losses in transient rental taxes, as many individual homeowners will no longer be able to keep homes in the transient rental pool, or even keep their homes at all, as we barely break even as it is. We are trying to stay "afloat" while the home resale market is in such a downturn and we owe more on the home than we can sell it for.

This measure only benefits the hotel industry (by taking private homes off the rental market) and real estate agents( an absolutely unnecessary and costly broker). It is unfair and seems even illegal.

Yesterday a group from West Hawaii met at the old airport in Kailua Kona with The Honorable Cindy Evans who introduced HB1707.

Representative Evans was accommodating but did not answer the question of why non-resident home owners and VRBO, in particular, are being targeted by this legislation.

Her answers were vague and seemed to stem from complaints from Property

Management Groups, not from actual users of VRBO and/or guests of "transient home owners."

VRBO is one of the most successful vacation planning sites available today. It facilitates what many of us think America is all about: opportunity for the small guy to make an income with the resources at hand. There is a reason VRBO is wildly successful: the clientele is very happy with what they are getting. Now special interest groups here in Hawaii that include Property Management Companies seek to disparage this fact with claims that renters are unprotected without government regulation and local representation. Contrary to that notion, presented as a core issue, non resident home owners are more likely than full time residents to hire locals for management, maintenance and representation. Cognizant adults who buy a home and choose to rent it know they need local contacts for their guests. As a home owner in Captain Cook who has rented through VRBO for several years, I have gained an understanding of how this cottage industry can build a village of shared interests and friendships in a very wholesome way. Now formerly disinterested parties, property management concerns, want a piece of this pie that is flourishing in tough times. The simplistic wording of HB1707 validates this interpretation. The tax revenue loss issue has been thrown in for good measure and for hype. Yet, what viable evidence has been presented that non-residents are evading GE and TAT payments? Everyone at the meeting was a registered accommodations tax payer, as are my friend and neighbors.

That these bills are thinly disguised attempts to feather the nests of established special interests at the expense of us plebs is appallingly obvious.

Willa Marten, Captain Cook HI  
808-328-1317

Honorable Committee Members:

In preparation for the hearing scheduled for 2/28/12, we ask your indulgence in reading this somewhat lengthy email on what is clearly an important issue that has come before you. Your fair-mindedness is greatly appreciated. We have already sent a version of this letter to all Senators so please excuse any duplication.

My wife and I are proud part-time residents of Hawaii and are the owners of a condominium at the Napili Point Resort in West Maui. We purchased our "Home in Paradise" in 2003 with the goal of eventually retiring to Hawaii. Because of the costs of maintenance and ownership (including a sizeable mortgage with a Hawaiian bank), we are forced to offer our unit as a vacation rental except for the weeks we spend there. In 2008, we were driven by rising costs and declining rentals to pull out of the Napili Point Rental LLC which operated the rental pool at the Resort and to take over the rental of our unit ourselves. We handle the management of our unit directly with our guests and are available to them 24/7 by cell phone and email for any guest issues that arise. We have an on-Island representative who lives within a mile of Napili Point and is available to our guests on a moment's notice. We also have established relationships with local service providers such as plumbers and electricians. While some non-

resident owners may neglect to provide local guest services, most of the non-resident owners we know have made similar arrangements because bad reviews (e. g., Trip Advisor) hurt all of us.

The State of Hawaii has, without doubt, an interest in collecting taxes that are due from owners like us who are an important part of the tourism industry in the State. I would like to ask each and every one of you, however, to consider the awful consequences of the proposed mandates of SB 2089 on the thousands of us non-resident owners who are, in fact, in full compliance with the tax laws of the State of Hawaii. In addition to the thousands of dollars we pay each year in property taxes, we - for our little two-bedroom condo - have paid over \$31,000 in GET and TAT since we took over direct management of our unit. There may be thousands of non-resident owners who seek to avoid their tax-paying responsibilities and it is certainly fair for the State to find additional ways to compel compliance by these scofflaws. What is NOT fair, however, is to impose a huge financial burden on the other thousands of honest owners who try to be responsible citizens and honor the State's legitimate interest in collecting tax revenues. This Bill is a sledge-hammer approach to pounding a nail. Aside from the "taint" of being an effort by the real estate lobby to recoup revenues lost in a terrible market, this Bill would, at least in our case, tip us from a three-year-long "break even" situation into a loss that we cannot sustain.

I am a casualty of this Country's deep recession; I was laid off in 2009 at the age of 59-1/2 from a position in an industry that has yet to recover. As you might guess, I am now one of the millions of long-term unemployed. Like it or not, I am now in "forced" retirement at least five years earlier than planned. Aside from our home, our investment in Hawaii represents the other major component of our retirement nest egg. We do not have the luxury of "feeding" the investment at this point in our lives. The thought of having to walk away from our equity in that investment because we could be forced to pay thousands of dollars to a real estate agent and could no longer afford the mortgage payments, taxes and maintenance fees is both terrifying and depressing. And that's aside from having to place our trust in some third party to manage our money and look out for our interests the way that we do. I won't even get into the issue of whether forcing owners to purchase a particular service with regard to their own property would pass constitutional muster.

We have a couple questions we'd ask all of you to consider. Why do you think that those hundreds or thousands of law-breakers who do not currently comply with Hawaii's tax laws would suddenly decide to comply with this new law? If the State believes it has the ability to track all non-resident owner units for compliance with the new law, then should it not likewise be able to ensure compliance with its existing tax laws? And even if you, as elected officials, conclude that this new law should be passed, surely there are far less onerous ways to deal with those of us who do our best to be good citizens. Perhaps the posting of a bond of some sort with the Hawaii Tax Department by non-resident owners is an alternative that would be far less intrusive and far less economically destructive. Or perhaps an exclusion from the law's provisions could be made for those, like us, with a history of making our tax payments as required by existing law.

Please, each of you, consider the plight of the thousands of us who share your love for the wonderful State of Hawaii and do our parts to support it. We respectfully ask that you vote against SB 2089 as this Bill comes before you. Thank you for giving us the opportunity to present our case.

William and Patty  
Casale NAPILI POINT UNIT C-37 (Legal C-9)



I am OPPOSED to SB 2089. I always pay all my taxes. If this bill goes through, I will be forced to sell, and will no longer be able to rent to 100's of guests who spend lots of money in Maui. As an owner I totally care about my guests experience as if they are not happy, I'm the one who will suffer. Property managers look after dozens of properties, and have no vested interest, it is just a job. Rents will go up if properties have to be managed through a company, and less rentals means LESS taxes and LESS money spent by tourists.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Mark Smith  
Organization: Individual  
E-mail: [wwkmark@hotmail.com](mailto:wwkmark@hotmail.com)  
Submitted on: 2/26/2012

Comments:

This legislation would appear to penalize owners who legitimately comply with the law. Those who currently don't comply with the tax requirements would be unlikely to to comply with the new legislation. Enforcement would be very expensive. This is bill is not a solution.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Michael Trisler  
Organization: Individual  
E-mail: [tris808@gmail.com](mailto:tris808@gmail.com)  
Submitted on: 2/26/2012

Comments:

OPPOSE SB 2089 Monopoly  
This bill is a terrible one sided bill and destroys Hawaiian economic competitiveness. It is unfair and biased and should be rejected.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Roderick Michael Gilbert  
Organization: Individual  
E-mail: [kiddgibert@yahoo.com](mailto:kiddgibert@yahoo.com)  
Submitted on: 2/26/2012

Comments:

I own a condo at Waipouli Beach Resort in Kappa. I completely oppose this action. We manage our condo with an on Island cleaning girl that takes care of incidentals, hires the appropriate people. We pay TAT, Ge and property taxes. The state of Hawaii should not be able to tell me how to handle my personal

property. We are the ones making the mortgage payments. Isn't the real estate business in bad enough shape that now you make it virtually impossible to sell income property. New owners are not going to want to deal with all this government in your face. Respectfully submitted - -

#### Comments Opposing Bill 2089

There are many downsides to this bill not the least of which will be the unintended consequences of loss of livelihood to people presently managing properties and the loss of taxes to the state from properties removed from the market. This bill may serve to benefit a few realtors and salespeople that are presently proposing and supporting the bill. But what will be the eventual cost and negative impact to the present property managers who are hired by the non-resident property owners to oversee their properties?

The intent of this bill is to catch a small percentage of errant property owners who are not paying the appropriate taxes. Why are the non-resident owners being discriminated against? I speculate that there are resident owners that are working under the radar. If this bill is passed, the resident owners will have a distinct advantage over the non-resident owner since the cost of doing business is much less for them. We will not be able to be competitive since we will need to raise our rates to help offset realtor/property manager's fees.

In the time we have been renting our property to vacationing visitors to Hawaii, we have collected and paid over \$17,000 in general and transient taxes to the State of Hawaii. We feel personally insulted that we as a non-resident owner will be forced to hire a middleman over whom we will have little or no control. Our resort had a management company that private owners could choose to use if they did not want to handle their own rental unit. This company went bankrupt and did not pay the owners or the taxes that were due. The owners had to pay the taxes which the managing company collected.

We handle all our own bookings thru vrbo and homeaway and by returning guest and work of mouth. We send our guests a reservation contract stating the rates, taxes, cleaning fee and cancellation policy. We also send them an information letter which contains information on the condo and resort. Our on island manager makes sure that the condo is ready for their stay and is readily available if the guest has a question or if something needs to be repaired. We contact our guests during their stay to make sure if everything is all right. We have many guests that return because their past experience was wonderful.

If this bill is passed, we will have no other recourse than to withdraw our unit from the rental market. The cost to the state from us alone will be the loss of approximately \$40000 per year in tax revenue and one manager with one less client. This bill is blatantly unfair. There are enforcement provisions and fines on the property owner yet there are no limitations or consequences on errant realtors or salespeople. They are free to charge what they please and there are no consequential damages for their non performance of the implied fiduciary duties if they fail to perform.

**Please vote no on Bill 2089**

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: marci kunin  
Organization: Individual  
E-mail: [mk\\_dancer@yahoo.com](mailto:mk_dancer@yahoo.com)  
Submitted on: 2/26/2012

Comments:  
I OPPOSE SB 2089 Monopoly  
thank you  
Marci Kunin

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Gene M. Levitz, MD  
Organization: Individual  
E-mail: [doclehigh@aol.com](mailto:doclehigh@aol.com)  
Submitted on: 2/26/2012

Comments:  
OPPOSE SB 2089 Monopoly

If bill SB 2089 passes, I will be forced to sell my condo. I just break even as it is. I pay a mortgage, aao fees, insurances, property taxes, maintenance fees, utilities, etc. I cannot afford to pay a management company 25% to 40%. If we raise our rates, it will dramatically cut back tourism and the dollars that they bring to Hawaii.

As property owners, we are some of your greatest ambassadors promoting tourism for the State of Hawaii. We give personal service that cannot be achieved through a management company. That is why we have so many repeat renters.

Please consider the consequences of passing this bill. There would be many owners just like myself that would have to sell. That would flood the market, bring down property values, which in turn would lower property taxes. I can see this snowball effect costing the State of Hawaii millions of dollars.

I urge you not to pass SB 2089.

Thank you,  
Karen Veneziano  
[Sunnyskys117@hotmail.com](mailto:Sunnyskys117@hotmail.com)

HI SB2089

I strongly oppose SB2089 and urge you to do so, also. I was a non-resident vacation rental owner for 4 years prior to moving to Maui in 2009. I used an agency to handle my property for the first two

years. During that time I obtained 85 % of the bookings myself using online advertising, yet had to pay large fees to the management agency for minimal services rendered. I eventually went to managing everything myself with the assistance of a friend living on island who served as a contact for my renters. I *always* paid my transient and GET taxes.

I no longer rent out my property, as I am fortunate to be living in it instead. Nonetheless, I believe SB2089 will serve no one other than realtors and management companies. Higher rental rates will lead to decreased tourism and dollars spent on the islands. I am sure there will be other unintended consequences as well. Currently, non-resident condominium owners pay the bulk of taxes collected by the state in the form of transient, GET or property taxes. Please don't place yet another burden on them.

I urge you to oppose this bill.

**Sincerely,  
Teresa Wood**

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Richard Waugh  
Organization: Individual  
E-mail: [richardwaugh@shaw.ca](mailto:richardwaugh@shaw.ca)  
Submitted on: 2/26/2012

Comments:  
OPPOSE Senate Bill 2089

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Phil Horkin  
Organization: Individual  
E-mail: [phorkin@yahoo.com](mailto:phorkin@yahoo.com)  
Submitted on: 2/26/2012

Comments:  
How can the state even consider such a radical and extreme measure. This is clearly an attempt by the real estate lobby to line their pockets. As an owner of two condo units in the State of Hawaii, I advertise my units on VRBO, pay my GET and TAT, and struggle to break even given the current market. Passing this measure will cause many like myself to lose their property because of additional charges by uninterested third parties whose only concern is collecting a percentage off the top. When these units go into foreclosure, how will this help the state? The "licensed realtors" who have no skin in the game will

merely walk away from this until some other person can buy the unit at a fire sale, then once again skim off the top. I always thought Hawaii was a very progressive state. Shame on you.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Don Duwe  
Organization: Individual  
E-mail: [winemaster@whidbey.com](mailto:winemaster@whidbey.com)  
Submitted on: 2/26/2012

Comments:

I am upset by the testimony given by the people pushing for the bill. They say we are not paying taxes and the State is loosing millions of dollars. I trust the owners of property that have invested in the State of Hawaii. We pay our fair share and more. The property managers and rental managers do not have the investment we do and are making huge profits on our investments. They do not like the competition.

They also say we can not be contacted because some of us spend part of our year on the mainland. The State has more ability to control us as we can not take our property with us. It is here on Hawaii, we pay property taxes. It would be easy for the State to put a lien on our property if we fail to pay the full amount of GET, Accommodation Taxes, or property taxes. I do not trust the rental managers with my money or them paying the taxes collected. There are many examples of rental managers collecting rent and taxes and not distributing them to owners or taxes to the state.

Please take a look at the parties supporting the Bill. It is easy to see their motive. They prospered for years and took advantage of property owners. Vacation travelers has increased in the last few years because of owners using the internet via places like Home Away and VRBO. Not only do you collect more accommodation taxes, but also the huge amount that they spend here. Do not kill the golden goose. Taxes are being paid. I do not know of anyone not paying. The realestate people are lying to you.

Sincerely Don Duwe

From: Mary Little ([barrow@gci.net](mailto:barrow@gci.net))  
PO Box 1183  
Cordova, AK 99574

To: CPN Committee Hearing  
Room 229  
2/28/2012 10:00 a.m.

Re: SB2089 – OPPOSED

Thank you for the opportunity to comment on SB2089.

I have vacationed in Hawaii for the past 30 years. I have never used a VRBO, but many of my friends and family have. I have read through all of the testimony from the TSM hearing, and can see there are issues to be resolved.

I feel SB2089 would be a very harmful bill. In the short, and long term, this would cause chaos within the vacation rental industry. This seems like an extreme and inadequate solution to the revenue collecting problems.

I urge you to send this bill back and encourage more study on this issue.

Thank you,

Mary Little

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Karen Howard  
Organization: Individual  
E-mail: [karen@honu-nalu.com](mailto:karen@honu-nalu.com)  
Submitted on: 2/26/2012

Comments:

My husband and I strongly OPPOSE SB 2089. We are residents of California but own a vacation rental property in Kaua'i. We dutifully pay our HI GET and TAX taxes every quarter. This bill will not help the state of Hawaii find those who are guilty of not paying their required taxes. It will only force those of who do follow the rules to raise our rental rates (to cover the cost of the real estate/property mgmt company), which will decrease the number of bookings we are able to realize. Our revenue, and those the state's, will thus decrease.

The state needs to instead focus on how to track down those who are not paying their taxes. Introducing a middle man (in the form of a real estate broker) does not add any value to the current process. We offer our renters an unsurpassed experience, and they return to rent again and tell their friends and family to do so. Putting a real estate agent in the middle does not help with the guests' experience and will not bring the state more revenue.

This bill must NOT be passed. It will have severe, unintended consequences! It will not help the state realize lost revenue from taxes.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Pamela Mattha  
Organization: Individual  
E-mail: [matthai@att.net](mailto:matthai@att.net)  
Submitted on: 2/26/2012

Comments:

I own 2 condos and both are managed and rented by myself. I am on top of what is transpiring in my condos, if there is an emergency, I can deal with every emergency within minutes. You see I have developed a relationship with businesses on Maui and use them on a regular basis for my condo maintenance. This way when there is an emergency, these businesses are a phone call away. I also use another Maui business to take care of my condos when I'm not there. Anything from a lockout, to a plumbing issue, is dealt with immediately and believe me, they are paid well. By doing this, I am providing revenue to the local businesses.

These condos are mine and they are furnished, maintained and updated to the best of my budget because a bad review will ruin my rental business. I believe the majority of us that vacation rent follow the laws; maintain our condos; maintain a relationship with the island visitors that rent our condos.

I also pay all my taxes associated with the rentals and include my income in my federal income taxes which are also reported to the State of Hawaii yearly. I maintain a Letter of Good Standing with DCCA yearly. In other words, I follow the laws of the State.

Should I have to turn over the management of my condos, I loose all control, I cannot develop a relationship with my renters (and I am very careful with the people that rent my condos); I cannot afford to give up a large percentage to a property manager as their rates are astronomical and they do not maintain my condos to my level of cleanliness, attention and maintenance. They will not market my condo as I do, so rentals will go down drastically. There is also the issue that I don't even come close to breaking even with the rentals. By adding this additional revenue burden, I will either be forced to sell my condos, or worse walk away from them because there is already a glut of condos on the market that are not selling.

Consequently, I see this law as the final straw that will break the State's back! AOAOs will be bankrupt; mortgages will not be paid, affecting the banks that are holding the mortgages; loss of revenue because rentals will not be occurring or, at least, not to the level they are now; the real estate market will fail as the investors will not be buying. The only ones benefitting from this law are the rental property managers, and they will, in time, loose too as the condo owners are forced to pull out of Hawaii. Then the collection of taxes is a moot point. There will be no taxes; local business will be impacted, and eventually go out of business; tourism will drop drastically; as the cost of the Hawaii vacation will become another location vacation due to the expense.

I haven't yet addressed the issue of unconstitutionality of the law. I don't know how the State, as the law maker, can discriminate between property owners? Where my main residence has no bearing on what I can and cannot do with property that I own.

I am opposed to this law and cannot even conceive how anyone with common sense would consider enacting it.

Respectfully submitted,

Pamela Matthai

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Leif Nielsen  
Organization: Individual  
E-mail: [leifgn@shaw.ca](mailto:leifgn@shaw.ca)  
Submitted on: 2/26/2012

Comments:

My goodness. Hb 1707 has been deferred and now this same law is running through your senate. I strongly oppose this bill as it will infringe on my rights as a property owner and also discriminate against me as a non resident property owner. I pay my GET and TAT taxes and am licensed to run my rentals. I would not like to have a third party deciding who gets to stay in my home. I have turned down prospective renters as I did not feel they would look after my second home. This bill will only serve to enhance property management companies ability to control the rental market. Property managers do not care about my home as I do. I have on island representatives and professionals to deal with anything that needs to be fixed. Please consider the extreme consequences that this bill would have for every non resident property owner that rents out their second homes.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Barbara Lange  
Organization: Individual  
E-mail: [mauilange@msn.com](mailto:mauilange@msn.com)  
Submitted on: 2/26/2012

Comments:

I'm hoping the Senate opposes SB-2089. This bill appears to be illegal and unconstitutional. This bill will only hurt the state. As owners who have used realtors and their agencies in the past for rental management, I would be better off NOT renting ever again which means less tax dollars for the state than deal with the dishonesty of these so-called property managers. They took a cut of the rental, did not help my guests, allowed damages to my property with no



accountability, overcharged me for repeat repairs on a newly remodeled condo....simply not a way to do business. My guests now tell me that they have no desire to deal with these agencies because the companies don't have an interest in them as guests or the property they are supposedly maintaining. Some guests have expressed they like getting to know the owner of the place and having the connection with them as opposed to dealing with an agent who doesn't know the property they are renting as it is one of many. One of the top agencies that managed our property in the past, had us walk into our own unit for a vacation and find blood on the wall, a TV yanked from the wall, a broken lamp and that was prepared for our stay? What do vacationers walk into? Another time, we arrived and found a toilet knocked loose from the floor and a towel bar yanked from the wall? Who are they renting my home to? Another realtor/manager did not rent our unit as she agreed because we wouldn't buy specialty items (a squeegee for the shower for example) because we disagreed on the necessity of such items. We lost a lot of rental income as did the state of Hawaii lost GE/TA taxes. We ended up suing and she no longer represents properties. Do you think she was honest just because she had a license? These are the types of individuals you will be handing business to. Does the state have provisions to monitor these people that they do as they say in their contracts? It cost us a lot of time and money to fight for justice because of a dishonest realtor/manager. As owners and managers of our condo now, we have an excellent cleaner and maintenance man to keep our unit in top condition. If our guests have a problem, we get it addressed immediately. We have never had a complaint like what we experienced with the on-island managers in charge. If you pass this bill, you are essentially giving these realtors/managers a free pass to steal from owners (take a cut of the money and not do their job) and treat island guests in the manner which we were treated. Why should we be forced to hand over keys to people we have no reason to trust? They have no vested interest in our property as they will have no shortage of owners since you will be forcing owners to use them as managers.

SB-2089 is illegal/unconstitutional.

SB-2089 will cost Hawaii tens of million of dollars in lost TA/GE taxes

SB-2089 will make Hawaii an undesirable state to do business in.

SB-2089 will make condos and rentals less appealing by monopolizing the way in which they are handled. Visitors will no longer be able to choose to do business directly with an owner.

Please oppose SB-2089

Thank you for your time,  
Barbara Lange

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Jim Schumacher  
Organization: Individual

E-mail: [gymshoe.bresnan@gmail.com](mailto:gymshoe.bresnan@gmail.com)  
Submitted on: 2/26/2012

Comments:

This bill requires honest, tax-paying, rental property owners to hire property management companies or licensed real estate agents. These property management companies and real estate agents do not add any value to legitimate tax-paying rental businesses, but greatly increases their costs. This will severely hurt the viability of rental property businesses. This in turn will force rents to increase, which is bad for tourism and the Hawaiian economy, or it will force rental businesses to fail or cut back on improvements/renovations, which is bad for local business and real estate values.

This bill unfairly penalizes honest, tax-paying, rental property owners in favor of local rental management companies and real estate agents. The Hawaiian government should be more concerned with encouraging the economy in these economic hard-times than catering to special interest groups.

thank you.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Gregory Lange  
Organization: Individual  
E-mail: [mauilange@msn.com](mailto:mauilange@msn.com)  
Submitted on: 2/26/2012

Comments:

Please oppose this bill. I feel it is illegal and unconstitutional. My experiences with on island managers has been negative, regardless of which agency I used. They do not represent my interests as an owner nor did they ever really take care of my property or guests. This bill would essentially take away my right to operate my business as I see fit, even though I follow the laws set by all government. How is this a fair deal to me? This would only cause me more headaches, work and pay more for everything I do. I found having an on island agent only meant I had another employee that needed to be watched. I would be better off just stopping the rental of my condo. That in turn, would cost the state of Hawaii more revenue from GE/TA taxes. That isn't my wish, but if I had to choose the aggravation of dealing with an agency who by the way dictates when I can use my own property (which some do) and how often, or stop doing business in Hawaii, it may no longer be worthwhile. Has anyone considered that by making business more difficult to do in Hawaii, the state will lose some of it's appeal to investors and property values will decline. How will this help the state or the realtors? Property values on the decline because the state becomes "business unfriendly" will not help the owners but that is what SB 2089 is essentially threatening. I gladly employ your good workers on the islands to do any work I need, but should not be forced to do business with people who are standing there with their hand out as if they are owed something for nothing. Realtors are agents to conduct sales of property. If someone chooses to use one

as a property manager, that should be their choice, NOT a requirement. It doesn't happen in other states, why should Hawaii make that fatal mistake? It has the appearance that the realtors are lobbying the state representatives in order to make a deal that would only benefit them instead of working on their selling techniques in the real estate market. Please consider the consequences.

Thank you,  
Gregory Lange

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Deborah Howard  
Organization: Individual  
E-mail: [dhoward53@gmail.com](mailto:dhoward53@gmail.com)  
Submitted on: 2/26/2012

Comments:

This measure is unconstitutional. I liken it to hiring a baby sitter. what if you were forced to use licensed babysitters only even though your oldest daughter of 17 years was perfectly capable of taking care of her sister? And you had to pay going prices for a licensed baby sitter for nothing. Nobody likes to be forced to do anything and nobody wants to hire a licensed realtor for nothing.

Please excuse the length of this testimony. It very important to us and many others and will greatly negatively alter our lives forever, if this bill passes.

As owners of a vacation rental property in Waikoloa Beach Resort on the Big Island, we OPPOSE SB 2089. It would be disastrous for owner/self-managers, the Hawaii real estate market and Hawaii taxes. This bill seeks to bring more money into Hawaii. It will not. It makes the *following erroneous assumptions*:

- Owners who are paying taxes will continue with short term rentals, instead of looking for long term tenants, not renting them at all, or not reporting rents - going "underground".
- The same amount of rents will be generated by the professional managers as owners.
- The current owners will stay solvent while they pay the extra fees to managers.
- Owners will not sell their properties to buyers remove them from the short-term rental market.
- Owners with illegal units due to zoning who pay taxes or do not pay tax can legally comply with the law and pay taxes.

This is why these assumptions are erroneous.

Like many self-managing owners, SB 2089 would be an extreme financial hardship that would force us to sell our beloved property we intended to use for income in our old age and a retirement getaway. By renting our unit ourselves, our occupancy averaged 84% the past four years with rental rates the same as property managers charge. We scramble to get bookings by posting on many

websites, contacting past guests and networking. We call inquires immediately, send many emails, and make deals. We give an excellent level of care. We have 133 positive reviews because we focus all our aloha spirit on only one rental. Professional managers do not have time or advertising budget to push to that level for each competing owner. As one management co. admits in testimony to CPN, owners go to vrbo and list their properties to "boost occupancy". Yes, we need to break even; we are not wealthy. One management company told me that even with my own track record of 84% and my repeat bookings they could not even guarantee me 50% occupancy. Here they book under 50% and charge 25-50% of the rents. With 2011 bookings, our negative cash flow was barely manageable, about \$5000. If we had a property manager with 50% occupancy and fees of 25%, in 2011 we would have had an unsustainable negative cash flow of \$30,200 and Hawaii would have made \$2352 less in taxes!

Many vacation rental owners bought when values and vacation rents were higher. Most units built in the last ten years are worth less than the owners paid new. In 2009 we sold one of our two units at a \$250,000 loss, because we no longer came close to breaking even on it. Our remaining unit - beautifully furnished with original artwork is worth \$160,000 less than we paid unfurnished. If this overly controlling law passes, I expect it will depreciate more overnight. We would never have bought Hawaii property if this had been law. In our resort many mortgages are under water. There have been many foreclosures and short sales. There will be many more if this bill passes, which will drive market values down further, taking Hawaii property taxes with it. Then in a depressed market many sales are to cash buyers as affordable second homes who do not need to rent them, investors for long-term rentals and to buyers for permanent homes. Much less tax revenue would be generated and fewer visitors would come to the Big Island.

SB 2089 assumes those who are illegal would comply. We feel that those who are currently willing to be illegal, would stay illegal and many more would be forced to go "underground" because professional management cannot legally rent illegal units.

SB 2089 is unnecessary. Our guests pay with credit cards as do the majority of the rentals managed out of state. Merchant credit card companies track and will report transactions on a 1099 this year. This promotes compliance with tax laws without further compliance cost to Hawaii. There are tax cheats on every level. The Federal government does not force everyone who is self-employed to have their finances managed by an accountant, so that they can insure compliance. They use 1099's and spot check with audits, backed up by penalties, such as Hawaii has in place.

Please do not force us out of the rental business. We don't want to sell our beautiful villa, especially while the values are so low, or give up managing control. We want to screen our own guests. We have spend hundreds of thousands of dollars and thousands of hours to create our unique, high quality vacation rental, our home away from home. Our professional, informative website and rental business is a cut above the generic rental managed by a third party. One of our extras is a \$2500/year golf membership, so our guests play for \$50-75. A typical guestbook entry says, "Everything is first-rate, as promised! All the little touches were really appreciated from boogie boards & beach gear to all the books, videos & wireless DSL. It feels like we've been welcomed into a friend's very nice home for the week." If a third party managed our rental, there would be no incentive to make it special, because they just pass out the guests who respond to their website.

We pay our taxes and so do most others, according to the tax department's own audit. Since we bought and registered our business properties with Hawaii in 2003 and 2004, we have collected and

paid to Hawaii \$37,458 in GE and TA tax. Like many others, our revenues to the state would go DOWN if SB 2089 passed. With our 84% occupancy, we bring more guests to Hawaii who spend many tourist dollars and taxes.

SB 2089 is not the answer to Hawaii's financial problems. We do not have the deep pockets to support property managers while staying solvent. Please look past the surface into the ramifications of this bill and oppose it.

Kat and Derry Ryan  
Owners in Waikoloa Beach Resort  
[www.HawaiiResortRentals.com](http://www.HawaiiResortRentals.com)

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Kenneth W. Hoehn  
Organization: Individual  
E-mail: [k8kwh@hotmail.com](mailto:k8kwh@hotmail.com)  
Submitted on: 2/26/2012

Comments:

I oppose SB2089 as it duplicates existing legislation, and unfairly discriminates against nonresident owners.

I have operated a rental condominium for 8 years, and paid my GET and TAT taxes on time, every quarter, as well as submitting necessary paperwork. There are penalties prescribed by law for failing to do so.

To require me to hire a middleman, at significant loss to me, to accomplish the same effect is ludicrous. It will result in visitors paying MORE for rental properties, and subsequently not spending the dollars in other pursuits on the islands.

Please do not fall victim to the efforts of the organized real estate industry to cash in on all rentals. Please enforce the laws currently on the books, and do not create new ones.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Karen Veneziano  
Organization: Individual  
E-mail: [sunnyskys117@hotmail.com](mailto:sunnyskys117@hotmail.com)  
Submitted on: 2/26/2012

Comments:

If bill SB 2089 passes, I will be forced to sell my condo. I just break even as it is. I pay a mortgage, aoo fees, insurances, property taxes, maintenance fees, utilities, etc. I cannot afford to pay a management company 25% to 40%. If we raise our rates, it will dramatically cut back tourism and the dollars that they bring to Hawaii.

As property owners, we are some of your greatest ambassadors promoting tourism for the State of Hawaii. We give personal service that cannot be achieved through a management company. That is why we have so many repeat renters.

Please consider the consequences of passing this bill. There would be many owners just like myself that would have to sell. That would flood the market, bring down property values, which in turn would lower property taxes. I can see this snowball effect costing the State of Hawaii millions of dollars.

I urge you not to pass SB 2089.

Thank you,

Karen Veneziano

[Sunnyskys117@hotmail.com](mailto:Sunnyskys117@hotmail.com)

#### I OPPOSE SB 2089 MONOPOLY

This Bill unfairly discriminates against those owners of vacation rentals that do not live on the island on which the rental is located. There is an assumption made that these owners are not paying their GE and TA taxes. Do not penalize those that are paying their taxes and have a reliable person that manages their property. I think the realtors are looking mostly at complexes were there are multiple units with mainland owners; however, there are many owners of individual homes that are managed just fine without a realtor's approval.

What about long term rentals? It's not fair to discriminate against short term rentals.

The problem needs to be resolved by legally permitting short term rentals and then following up on unpaid taxes (if that is truly the purpose of the bill). However, it seems the purpose of the Bill is to generate more income for realtors. In the long run if this Bill passes, the State will be discouraging owners from renting their properties because of the extra expense and hassles involved.

OPPOSE THIS BILL!

Aloha,

Dianne

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: joy McDougall

Organization: Individual

E-mail: [sunsetyards@mac.com](mailto:sunsetyards@mac.com)

Submitted on: 2/26/2012

Comments:

I OPPOSE SB 2089 because vacation rentals that are managed by the owners are managed better than the ones managed by the realtors.

The owners care more about their own property and their neighborhoods. The owners have close contact with inquiring guests and it is a mistake to take that away.

This is a big mistake and just another waste of time. What the owners need is permitting!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Mitch Muroff  
Organization: Individual  
E-mail: [lm@kauaiocan.com](mailto:lm@kauaiocan.com)  
Submitted on: 2/26/2012

Comments:

Please oppose HB 1706 & SB 2089 and protect the rights of property owners to rent their properties in Hawaii.

I have been an owner and have rented a property in Kauai since 1999. The economics have been highly unfavorable, due to the combined impact of constantly increasing taxes, constantly increasing expenses, and depressed prices due to increased supply and severe economic conditions.

If this law goes into effect, and it becomes illegal for me to rent my unit, I'll be forced to use a real estate agent and this will double or triple my losses because they will take a 25% fee and be far less competent about keeping the unit full. Before I started renting myself, I'd tried several on-island agencies and my occupancy rate was extremely low with all of them, and expenses were many orders of magnitude higher. I can't afford to take those losses and if I can't continue to rent the unit myself, I may be forced to put it up for sale.

I see no legitimate reason why these laws should be passed. As far as I can tell, they're a power grab by realtors looking for extra sources of income and provide no legitimate benefit to the people of Hawaii. By allowing me to keep my unit, I'll continue to pay property taxes that directly benefit the people of Kauai, I'll continue to collect GET and TAT taxes that benefit the government. And, I'll continue to aggressively bring visitors that create significant employment and revenue for the people and governments of Kauai and Hawaii. I am 1 person and I bring an average of 110 visitors to Kauai each year - at no cost to anyone. If you allow this law to pass, all of these benefits to the people will be lost so that a few individuals can become richer by making everyone else poorer.

Mitch Muroff

say much, just that if the cost is 25% - 40% more for the same home, you may rethink your visit. Or that, renting from an owner was a good experience and that you paid tax when I rented to you!

It has gone very far in the government, homeowners such as ourselves are opposing the bill, but travelers such as yourselves wouldn't know about it! This proposed bill goes to Senate on February 28th for approval. If you can take just a moment, write an email to:

[CPNTESTIMONY@CAPITOL.HAWAII.GOV](mailto:CPNTESTIMONY@CAPITOL.HAWAII.GOV)

In the heading say: Opposed to SB 2089

If the cost is 25% - 40% more for the same home, you may rethink our visit. Renting from an owner

was a good experience and we paid tax when I rented it.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Koshu Madnani

Organization: Individual

E-mail: [kaymadnani@hotmail.com](mailto:kaymadnani@hotmail.com)

Submitted on: 2/26/2012

Comments:

In addition to the letter attached, I wanted to point out that there are ways to audit and identify who is not paying their GE/TA taxes.

Owners like us who are paying our taxes should not be penalized by having to hire a realtor and pay 40% of our gross fees to them.

This bill only benefits realtors and property managers but does not ensure that taxes are being paid.

To Whom it May Concern,

Our decision to rent in Hawaii is directly based on the fact that we can rent from the owners. Our yearly search for rentals in Hawaii has confirmed time and time again that rental agencies charge significantly more for similar units -

esp. larger family based units. We are very happy with the service the home owners provide.

Hawaii is already an expensive holiday for most visitors as taxes, flights, groceries and car rentals are higher priced than most other holiday locations. The increase to renters from

SB2089 will mean that many families like ours may need to reconsider which destination offers the best value for their vacation dollars.

Please reconsider this proposal.

D.

Reisinger

Regarding SB2089: Requires any nonresident owner who operates a transient accommodation located in the nonresident owner's private residence, including an apartment, unit, or townhouse, to employ a property manager approved by the real estate commission.



Dear Senators:

My husband and I have owned a condo on the Big Island since 1998. During that time, we have paid all the transient and excise taxes, as required. This legislation punishes the law abiding property owners instead of just ensuring that everyone pays the taxes that are due. Why not just enforce the current laws instead of enacting new legislation that will be just as difficult to enforce?

The law discriminates against non-resident owners. Is there any evidence that non-residents are less likely to pay the taxes than resident owners of rental properties. Non-residents are already penalized by the property tax rules.

While I'm sure that this legislation was intended to ensure that more taxes can be collected, I believe that it will have unintended consequences.

1. Listing with a realtor will mean that owners may lose a significant portion of their rents (upwards of 20%) to the realtors. If properties are no longer affordable due to reduced income, then they'll have to be sold. This may drive already depressed prices further down when there is a glut of properties on the market. Buyers for these properties will be harder to find when this new law goes into effect.
2. Less money will be available from rents for upkeep of properties due to expenses paid to realtors. This could reduce the amount spent in Hawaii for upkeep, plus cause some properties to lose value or not be attractive as a rental...less taxes for the state as a result.
3. Some vacation rentals are now listed through property managers that may not be licensed realtors. These companies collect taxes now. This law could deprive these companies of their livelihood.
4. Families rent condos and vacation properties instead of hotels because they are generally more affordable. If rental prices must increase to pay the realtor fees, fewer tourists will be able to come to Hawaii. There is plenty of competition for tourist dollars in other tropical venues. Fewer tourists means less for other businesses that depend on tourists, and less taxes for the state.

I urge you to find some way to collect the taxes that are due without penalizing those of us who have paid in the past. Please consider all the consequences of this bill. Please question the motives of the sponsors who will stand to gain on our backs if the bill is made into law.

Sincerely,

Glenda McCall

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No  
Submitted by: Kenneth Anderson  
Organization: Individual  
E-mail: [ken@kensellskona.com](mailto:ken@kensellskona.com)  
Submitted on: 2/26/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Richard Biederman  
Organization: Individual  
E-mail: [polyshores@yahoo.com](mailto:polyshores@yahoo.com)  
Submitted on: 2/26/2012

Comments:

I own a condo on Maui and rent it out in order to cover my expenses as this is a second retirement home. I pay my full taxes quarterly and cannot afford to keep the home if I have to pay a commission to have a realtor collect my taxes. Why should I be punished if a few don't do what is right and appropriate. Please do not allow this to become law. I love Maui and would hate to have to give up my home there. The extra expense would make it hard to keep while the realtors would be getting a bonus for doing what I am already doing. Mahalo

We strongly oppose SB2089 and HB1706 and believe the solution is to enforce to laws that are already in place for people who are not submitting their transient accommodation taxes. This proposed Bill will not resolve the issue with individuals who choose to not pay the GET and TAT taxes as they are required to do and hurt those who are abiding by the law. Along with the off-island owners, this Bill will also hurt Hawaii's travel industry as a whole as well as those businesses that support it. Since owning our unit, we have submitted all TAT and GET taxes collected from our guests on a quarterly basis. If we were to move to a long term unit, TAT would no longer be required. Where would the State of Hawaii recoup the lost revenue from owners who move to long-term leases?

We purchased in Maui in 2006; with the hopes of eventually retiring there. We chose to manage our unit ourselves and feel that we provide a personal experience to every one of our guests that are visiting Maui. We own one unit and we hope to provide each guest with the impression that there is no better place to spend their vacation dollars. We are neither comfortable, nor confident that handing over our guests experience to an external company will result in the same experience for our guests. We do not feel that a management company would be able to provide that level of service to each individual booking as they will likely have numerous properties to manage.

If this legislation were to pass, we would re-evaluate our investment in Hawaii and we would first consider offering our unit as a traditional long-term lease. While the rent would not cover the mortgage and the high HOA fees that we have in Hawaii, we believe that the cost of paying an outside party to manage our unit could net itself out as we would also not need to cover the cost of utilities as these would be the responsibility of the tenant. We would also no longer need to have a cleaning person clean our unit each time a guest checks out, the same could be said about our quarterly carpet cleanings. I wonder if these small businesses will be able to make up the lost income from owners who would also decide to have a long-term tenant. Eventually, we would then hope that the real estate market would rebound enough where we could recoup our initial down payment investment and seek out a retirement property in a location other than Hawaii.

We would hope that there will be some investigation into the true tax revenue that is lost due to people currently skirting their obligations versus tax revenue that would be lost if individuals chose to sell, we pushed to foreclose their property or move to long term tenant. What is the Taxation Department of Hawaii currently doing to track down those property owners who are not paying their rental property taxes? How are you allowing current owners who are paying their taxes to verify that they are in fact doing so? Why is this burden being placed upon people who are abiding by the rules instead of those who are not? I am certain that those of us who are submitting our taxes would welcome the ability to provide verification that we are doing so. We firmly believe that the individuals who are currently not paying HST for their vacation units are probably not likely to abide by any new legislation. How would the Taxation Department of Hawaii plan to monitor and enforce this new legislation?

Again, I believe that the only solution would be legislation that targets the current owners who are not fulfilling their legal obligation in submitting the taxes that the State is due. The onus should be on each individual to collect and submit the current Hawaii State taxes; if they chose not to, then a penalty should be enforced upon those who do break the law. The owners who are willingly paying their taxes should not be penalized by being forced to incur the cost of hiring a real estate salesperson or broker. We as owners and investors in Hawaii would welcome the opportunity to provide complete certification that we are paying our taxes.

Thank you,

Cheryl Alfred & Brent Lymer

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: David Moore  
Organization: Individual  
E-mail: [Makanamaikalani@hibroad.com](mailto:Makanamaikalani@hibroad.com)  
Submitted on: 2/26/2012

Comments:

Aloha David:

OK, here's my read on these bills. The best legal analysis is found in the Damon Key Leong Kupchak Hastert opinion on the constitutionality of HB 1707, in a letter to the committee written and submitted by attorney Greg Kugle, on 2/21/12. This letter is in the list of submitted testimony to HB 1707. The same logic and legal analysis applies equally to SB 2089. I completely agree with his solid legal reasoning. &#160;&#160;&#160;

In summary, 1) all three bills (SB 2089, HB 1706 and HB 1707) are fundamentally unconstitutional, as they discriminate against out of state/off-island owners, under the Equal Protection and Commerce Clauses of the US Constitution. &#160;&#160;The State currently allows resident owners to own, operate, lease, manage, etc. their own rentals. The state cannot discriminate on the basis of residency in doing business or otherwise, unless there is a compelling state interest. &#160;&#160;There is none demonstrated here &#160;&#160;2) Statutes and rules (HRS and HAR) already exist to require anyone, including both residents and non-residents, doing business in

this state to properly register that business and acquire business licenses and other State/County/City required approvals for rentals. Once a business is properly registered, the Dept of Taxation will send the owner GET forms which require Semi-annual or monthly payment of computed GET. And County property taxes are assessed annually.

The problem here is that the state has been ineffective in enforcing its business registration rules. Now these sponsoring legislators are trying to fix the problem by masking it and covering it up with new legislation that is unconstitutional. This is legislating without a valid need or purpose. All this will do is incite a number of well funded lawsuits against the state and any agency attempting to enforce any one of these legislative proposals.

All these bills need to be deferred indefinitely! This is legislating at its worst!

Hope this helps you with an effective focus and argument against these proposed unconstitutional rental bills. Please feel free to use my comments above in any written testimony you may desire to submit on SB 2089. Note you will have to have your written testimony submitted directly to the Commerce and Consumer Protection Committee (CPN) no later than 10:00 am tomorrow morning, 2/27/12. Sen Ros Baker is the Chair. Your submittal should be specifically addressed to her as chair and the members generally

Let me know if I can help you any further. Thanks for the opportunity to provide my "realtor" opinion.

Dave Bateman

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Dan Carpenter  
Organization: Individual  
E-mail: [dic9944@yahoo.com](mailto:dic9944@yahoo.com)  
Submitted on: 2/26/2012

Comments:

I OPPOSE THIS BILL. It only benefits a few real estate agents at great expense to property owners and the state. When I have tried to use real estate agents to manage my rentals, they have been ineffective if not outright incompetent. I have always paid the appropriate taxes on my rentals. Don't do this because it will harm an industry that we need to thrive.

Testimony for CPN 2/28/2012 10:00:00 AM SB2945

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No

Submitted by: h. William Burgess  
Organization: Individual  
E-mail: [hwburgess@hawaii.rr.com](mailto:hwburgess@hawaii.rr.com)  
Submitted on: 2/26/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
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: 2/26/2012

Comments:

I am writing to tell you that I am totally opposed to SB 2089. We own properties on the Big Island and have tried working with property management groups - What a joke - First of all they have charged me \$400 every two years for each unit for use of their linens - you have no choice about the quality of these items. As time went on, I realized the linens were becoming old and mismatched. Sometimes there weren't enough towels or beach towels. They charged me \$85 per time I would rent to someone else - along with their many other charges: credit card fees, filing taxes, misc. supplies, cleaning, changing filters (\$75) for a \$12 item. Give me a break. One unit they rented 2 or 3 times a year. I unit, they NEVER ONCE rented. I can do a much better job myself. I got a notice in June that if they did rent my units they would not be supplying me with the amount of GE Tax or TAT Tax they have collected. The billings I would receive were not spelled out clearly with other items. Such as their credit card fees. Sometimes, I am charged \$165 for a credit card fee - no backup what that actually was for. Besides, it seems to me that fee should not have been passed on to me as I didn't accept the credit card, the manager did. What the reason of this be? I think this idea for this bill has been in the works for sometime now and only for the reason of these property managers and realtors trying to work their angles to make more money for themselves. It has nothing to do with collecting and paying taxes to Hawaii.

I travel to the Island 8 to 9 times a year just to oversee our condos and I only rent to people after I screen them. Using a property manager you never know who is staying in your unit. Property managers that have worked in our complex have brought in renters that the manager has had to ask them to be removed. I know of instances where renters have done damage to some units and it usually happens to be rental made by property managers and realtors. The

This is our personal property and I see no reason to hire someone else to run it and give up our rights. These condos are my personal investment and I take great pride in them. I pay property taxes, GE Taxes and TAT taxes and should not have to pay someone a commission to do this for me. I love Hawaii, but if this law

passes, I may have to take my investments and go somewhere else. As it is I don't make money on these condos, but hope that the rent I receive will pay the expenses. Already, I have heard from many of my renters and they tell me if the rates go up 30% or more to cover commissions, they will not be able to return.

PLEASE DO NOT PASS THIS BILL SB2089

Sylvia Remington

360-296-0647

**Subject: OPPOSED TO SB 2089**

Message:

Testifier position: **Oppose**

Testifier will be present: No

Submitted by: Erik van der Pol

Organization: Individual

Submitted on: 2/27/2012

Kind regards,

**Erik van der Pol**

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Elen Stoops

Organization: Individual

E-mail: [stoopse@gmail.com](mailto:stoopse@gmail.com)

Submitted on: 2/27/2012

Comments:

Please do not pass SB2089.

This bill proclaims loudly and clear - DO NOT INVEST IN HAWAII - WE DON'T SUPPORT SMALL BUSINESS OWNERS!!

This bill would do harm to the state's economy.

It will remove from service well run desirable rentals for Hawaii vacationers.

It causes significant financial hardship to the individuals affected, the property/business owners as well as the associated local businesses that support the vacation rental business.

SB2089 shows current and future business investors that Hawaii is not a business friendly state. The effect of these bills is to reallocate financial resources in a highly disruptive manner that does not create economic value for the state, the visitor, the owner/investor or associated businesses. It's a financial giveaway to a small group of individuals who have not created a business that naturally attracts their services. So they are lobbying elected officials to force payment for something that will cause harm to individuals and the tourism industry.

Pre-sale buyers of 2nd homes who have caught word of this legislation who are now hesitating with purchases.

Small business owners are motivated to offer a well run and highly desirable rental. By personal economic necessity they have a long term view. They rely on the good reputation of their rental unit and their interactions with their guests. This category of responsible owners who have kept their properties in proper repair and maintenance will no longer have funds for upgrading a kitchen, replacing worn furnishings, the mattress, etc. This will affect the visitors and this will affect the local economy that depends on vacation rental related services and supplies.

My housekeeper reports an overall comparison between properties she cleans, those self managed vs. those run by property managers. Her observation is that self-managed units are kept in better condition and have higher occupancy rates than the ones left to be run by property managers.

Vacation rental owners already operate on small (or perhaps no) margins due to the high costs of ownership and maintenance of a quality accommodation and the competitive environment for attracting visitors. What is the likely outcome when asking any individual or small business to deal with a sudden permanent reduction of 20-40% from the gross revenue? These owners will shift from manageable to an unsustainable business loss for the foreseeable future. Those who do not have the funds to handle this will be forced to sell. Anyone who purchased in 2004 or more recently are likely owing more than what they paid - more short sales and foreclosures!!

Property managers do not ensure good results for either vacationers or the owner. My vacation rental which I gutted and remodeled after purchase was initially run through a property management program. The deterioration of the condition of the unit was unacceptable to me to the point that I when I visited I did not wish to stay there. More importantly I did not wish for my guests to have paid for a vacation there either. Since I have left the program to self manage the unit is maintained in impeccable condition. I now have the choice to determine who is in my unit. I get to know each guest personally and they get to know me before a decision to rent is made. I am the best person (as opposed to a 3rd party) to make good choices about how my investment is treated. And not only is this an investment, but it is a very personal thing - it is my home.

Perhaps misguided but I feel my right to self determination is violated if I no longer have the right to say how my home is used.

Under the property management my occupancy rate was too low. Comparing one year before leaving the property management firm to self-manage and one year after: Occupancy rate increased 27%, gross rental income increased 54%, average nightly rate increased 1% (not decreased as claimed by the property manager groups who are asserting that individual owners are ruining the pricing). I achieved this in a tough business climate. The years in comparison are 2007 (a great economy) and 2009 (a poor economy).

Please direct vacation rental owners that it is only legal to advertise their units with their tax id's posted and then enforce the existing tax codes. SB2078 addresses this. The state has already shown the ability seek out and enforce code with unlicensed rentals so these same resources can be used to ensure compliance.

Vote no on SB2089. There is no need for creating new legislation that will only serve a small group of individuals at the expense of harming the state in the long term and a much larger group of people.

Hawaii's vacation rental owners love Hawaii and hope we can stay in business and continue to support its future.

Realtors are just trying to make money off home & property owners because the real estate market is so poor at this time. We are opposed to this bill.

Lori Fischer

Opposed to SB 2089



I am very opposed to this bill. The government shouldn't be involved in rental transactions between an owner and whomever they want to rent their property. I have had nothing but fabulous experiences with properties I have rented through VRBO, the properties and owners have exceeded all expectations each time. All of my friends and family who have rented through one of these on-line services have had positive experiences. How do you reconcile this bill with free enterprise, personal liberty and keeping governmental regulations to more important issues? I urge you to defeat this bill.

Respectfully,  
Jeanne Friedman

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: SL Adams  
Organization: Individual  
E-mail: [maprows@aol.com](mailto:maprows@aol.com)  
Submitted on: 2/27/2012

Comments:

Aloha~

I am writing to express my opinion the SB 2089 is not good for Hawaii and I OPPOSE this bill and it should be stopped immediately!

In watching the legislators discuss HB 1709~ it was very clear this similar bill had not been thought through nor are there any valid reason for passing it. The "assumption" that owners do not pay taxes if false~ so the ONLY BASIS for this bill is a load of greedy management companies who have not worked so hard and want a bigger slice of the pie. It will not benefit Hawaii.

Further~ this bill is discriminatory in nature and will be riddled with opposition and who will benefit~ the attorneys.

The testimony provided from management companies has been biased and will affect the lives of thousands of Hawaii property owners and residents alike.

Think~ of all the small companies THIS WILL PUT OUT OF BUSINESS!!! This is not the way to increase the quality of lives in Hawaii.

Why would anyone buy property in Hawaii if the state DICTATES who you must give it to so THEY can make money off your property.

Many owners have had to WITHDRAW from management companies due to the common practice of having nonpaying guests occupy their condos without the owners knowing and the taxes WERE NEVER COLLECTED.

Homeowners want their guests to return to the islands, which benefits everyone in the state of Hawaii. We do NOT want to be forced into the services of management

companies who are only interested in PROFIT for themselves and care nothing about the spirit of Aloha.

Please vote NO on SB 2089!!!

Mahalo,  
SL Adams

We are the owners of unit F402 in Waipouli Beach Resort in Kapaa, HI.

Passage of this bill would be a financial disaster for us.

We are aware of numerous bankruptcies, foreclosures and short sales occurring with many of the units at this resort. We have done all we can to increase our revenues for our unit. In May of 2009 we withdrew from the rental program. The management company was not keeping the unit occupancy high enough to cover even a reasonable fraction of our expenses and their fee was a whopping 50% of rental revenues. By doing our own marketing and management (except for our on-island manager who manages the cleaning service and deals with renter's issues as they arise) we have accomplished over 90% occupancy and even implemented a 5% rate increase this year. We have paid over \$10,000 in TAT and GE taxes last year. We have invested literally thousands of hours in a good web site, <http://kauairesortcondo.com>, and listings on nearly 80 vacation rental listing sites. When a situation justifies it we also use Google Adwords as well.

Even with the improvements we have outlined above, we are struggling to stay afloat with this property. Jim is a 69 yr old retired engineer who had been doing some consulting (until it dried up when the economy turned bad) and Kathleen is a 66 yr old college professor who currently has only part-time employment.

If this bill passes, we will not be able to keep up our mortgage payments and will probably go into foreclosure and lose most of our retirement nest egg.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Blake & Lynette Cronin

Organization: Individual

E-mail: [LynetteCronin@comcast.net](mailto:LynetteCronin@comcast.net)

Submitted on: 2/27/2012

Comments:

We are strongly opposed to SB2089. SB2089 is illegal/unconstitutional. HB1707 has already been defeated in the House because of its illegality. Please follow

suit with SB2089. SB2809 will cost Hawaii tens of million of dollars in lost TA/GE taxes. I have been a property owner for 9.5 years. I pay both TA and GE Taxes on a monthly basis and pay on time and accurately every month. My property alone has generated thousands and thousands of dollars for the state of Hawaii. Passage of SB2089 guarantees that owners like myself will be forced to sell our properties, leave the islands, and leave behind the thousands and thousands of dollars that go to not only TA and GE taxes but to the local economy when tourists come and stay in our homes. We respectfully request that SB2089 NOT be passed.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Rosemary E. Michaels  
Organization: Individual  
E-mail: [remich4206@aol.com](mailto:remich4206@aol.com)  
Submitted on: 2/27/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Rosemary E. Michaels  
Organization: Individual  
E-mail: [remich4206@aol.com](mailto:remich4206@aol.com)  
Submitted on: 2/27/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Randi Dupont  
Organization: Individual  
E-mail: [randidupont@hotmail.com](mailto:randidupont@hotmail.com)  
Submitted on: 2/27/2012

Comments:

We've rented from non-resident owners and had a great experience. We enjoyed renting directly from the owners who were very helpful and knowledgeable. Forcing off-island owners to use a real estate agent would increase the cost to

renters and make it more difficult for visitors to visit your beautiful state. Please vote no on bill 2089! Thank you.

We are strongly opposed to SB2089. SB2089 is illegal/unconstitutional. HB1707 has already been defeated in the House because of its illegality. Please follow suit with SB2089. SB2809 will cost Hawaii tens of million of dollars in lost TA/GE taxes. I have been a property owner for 9.5 years. I pay both TA and GE Taxes on a monthly basis and pay on time and accurately every month. My property alone has generated thousands and thousands of dollars for the state of Hawaii. Passage of SB2089 guarantees that owners like myself will be forced to sell our properties, leave the islands, and leave behind the thousands and thousands of dollars that go to not only TA and GE taxes but to the local economy when tourists come and stay in our homes. We respectfully request that SB2089 NOT be passed.

Blake & Lynette Cronin

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Gin Wadkins  
Organization: Individual  
E-mail: [ginwadkins@yahoo.com](mailto:ginwadkins@yahoo.com)  
Submitted on: 2/27/2012

Comments:

We oppose this bill. We pay property taxes and Tat and GET each month. This is a terrible bill that will only hurt tourism and the economy in Hawaii. Do not keep padding the pocket books of Real Estate Agents. We comply with the Hawaii laws and Pay our taxes. Do not punish us for doing so.  
Mahalo!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Angela Denton  
Organization: Individual  
E-mail: [angeladenton@gmail.com](mailto:angeladenton@gmail.com)  
Submitted on: 2/27/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Richard Brashen  
Organization: Individual  
E-mail: [brash01@msn.com](mailto:brash01@msn.com)  
Submitted on: 2/27/2012

Comments:

1) SB-2089 is illegal per Hawaii State laws. A realtor will be in violation for representing illegal rentals. This bill conflicts with a current law.

Per testimony by Rico.

It is unconstitutional . Send letter from attorney

2) The tax board can follow the process used in 2007 by the past tax board which did an audit. They can hire consultants and research through ads. Do not take it out on the majority that pay their taxes. The State will lose more than they gain.

3) This bill is being requested by a small group of realtors/booking agents who have a vested interest! If this bill passes the state has been used as a tool to create a monopoly. There will be price control and it cuts off free enterprise. Many owners will close, sell or even go into foreclosure

4) Agents charge 40-50% commission. We cannot afford to pay our mortgages if we sign up with agents. We have local managers to take care of all maintenance problems, we pay our taxes, we generate revenue in the communities, the condos we own have 24/7 managers and security.

5) The agents who will financially gain from this bill have said the State is losing millions. They do not have the qualifications to discuss numbers as serious as tax money.

To whom it may concern:

We are writing you to address our concerns regarding upcoming legislation as it affects vacation rental properties in Hawaii.

Hawaii has been an annual vacation destination for our family for over ten years. Through out our experience staying in Hawaii, we have chosen "By Owner" rental properties for the majority of our stays.

With the advent of VRBO rentals, our choice of properties has been almost exclusively privately managed. We find that these properties offer a superior experience for our vacation at the most competitive rates. Even among "like units" in the same complex, where some units are VRBO and some are corporately managed, we find that the VRBO units are a consistently better value.

Just recently, our vacation plans were again steered toward the state of Hawaii and the island of Kauai. We are an airline industry family and could have easily chosen other destinations. An

overriding factor in our decision to return to Kauai was the consistently superior experience and competitive value we have received from our VRBO rental friends.

We urge you to reconsider any upcoming legislation that would remove the rights of property owners in your state to manage their own vacation rentals. We believe that such legislation would reduce the competitive environment for vacation rentals that has encouraged us to annually choose the state of Hawaii for our vacation plans. In our view, such legislation would be a poor choice for Hawaii's tourism industry.

Sincerely,

Corbin and Vonette Walters

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Tim OConnor  
Organization: Individual  
E-mail: [tim@imaginemaui.com](mailto:tim@imaginemaui.com)  
Submitted on: 2/27/2012

Comments:

I am strongly opposed to this Bill. This is counter productive to promoting business in Hawaii. Owners of property have the right to use their property as they so wish. Introducing discriminatory legislature against individuals because they choose to manage and rent their own property is illegal and unconstitutional. If the State is concerned with non collection of related taxes there are several alternatives that could be introduced or already exist that would ensure that taxes are being paid. To force individuals to use a Managing agent will substantially negatively impact Real Estate sales of Condo's at a time when the economy is barely recovering. Condos will not sell without providing the ability of individuals renting their own unit and the State will lose property taxes, visitor related income and stifle an already fragile Real Estate market. I strongly oppose this Bill and it should be defeated.

**OPPOSE SB 2089**

"The purpose and intent of this measure is to require any non-resident owner who operates a transient accommodation ....to employ a property manager approved by the Real Estate Commission." The Bill's stated purpose is to **mandate employment** of a licensed real estate property manager. . This Bill will impact even those who have a business license and pay taxes.

I hope Hawaii will not mandate employment of one group of business people over the operation of another group of business people.

**While those who support this Bill assert there is widespread non-compliance - this is not what the audits of the Hawaii Tourism Authority or the State Tax Departments have found.** I believe most reviewers of this issue would rely upon these same sources. While giving written

testimony dated 4/3/2007 (for another transient accommodation Bill) **the State of Hawaii Tax Department states three separate times in their testimony that there is NOT an issue with transient tax compliance.** Here are quoted excerpts of that testimony:

1. **"The Department points out that after its last audit project with HTA, the Department concluded that, in general, those that rent transient accommodations are tax compliant."**

2. **"As stated above, the Department concludes that, for the most part, transient accommodations providers are tax compliant."**

3. **"The Department does not believe there is substantial non-compliance with tax obligations."**

These are the conclusion based upon the last joint Tax Department and Hawaii Tourism Authority audit. Further as a result of this audit in the same testimony, "The Department initiated 123 audits on bed and breakfast operators that the Department believed were not properly reporting Hawaii taxes. The Department also initiated 182 audits on vacation renters."

If one studies the conclusion of the audits **this would be 123 (by definition resident owners)** operating Bed and Breakfast transient accommodations. Of the 182 vacation renters it is not broken down by resident or non-resident. .

While those that support this Bill would have everyone think otherwise, there is no data to support the assertion of wide scale non-compliance. Additionally, there is no merit in distinguishing between resident and non-resident. **I am sure that our Legislators will be able to see that this Bill is supported by groups that have a monetary gain in its outcome and that the premise of non-compliance by non-resident owners is baseless.**

As stated in many of the property managers' letters of testimony, they view themselves as being instrumental in solving a perceived problem of non-resident owners being non-compliant in payment of taxes. I would respectfully point out, **that property managers are licensed real estate sales people. They are not government agents, employees of the tax department or a regulatory agency.** They are SALES people. They are not even accountants who are schooled in tax compliance even though they offer this service, it does not make them more ethical, honest or competent to prepare tax filings than anyone else. In fact, they are businesses just like the small "mom and pop" individual non-resident owners.

Some have stated the need for this Bill because the Tax Department can't perform audits to know what violations are going on. The Tax Department has testified that they are indeed able to perform audits of transient accommodation renters. I reference their action in the above audit. The Tax Department also audits by obtaining Federal information as discussed on 4/3/2007. Additionally, in their 2/15/2012 testimony the Tax Department states, "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."**

**The Tax Department has the authority already to enforce existing laws for tax compliance.** As indicated in their testimony on numerous occasions, they are capable of determining who is NOT in compliance. Please let the Tax Department perform their responsibility and not use a property

manager to intrude upon licensed businesses who conduct transient accommodation rentals. A property manager is not a government employee.

Please do not pass this Bill that will hurt so many property owners.

I thank you for reading this letter.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Lindsay Farley  
Organization: Individual  
E-mail: [frogndoos@att.net](mailto:frogndoos@att.net)  
Submitted on: 2/27/2012

Comments:

Please don't throw out the baby with the bath water. We non residents of Hawaii that own property in the islands and rent them are not the problem. We provide tax income to the state and the lion share of property taxes. If this bill goes through,, most of us will not be able to have a viable business In my case, I am one of the lucky ones, I own my condo. Still, I netted \$32,000 in rental income last year and my expenses were \$ 28,000. Not a great return and I do not have a mortgage. If I had to add 30% to pay a property manager I would be in the red. It is already very expensive to do business in Hawaii for non residents and if this bill passes it will be impossible to break even Go after the bad apples but don't punish the law abiding non residents that pay their taxes honestly and on time

To whom this may concern,

I am Opposed to SB 2089. As an owner of two vacation homes in the state, I stand to incur a serious financial crisis should this bill be passed. With real estate values depressed and our current struggling economy, this is not the time to be limiting who may rent out vacation rental properties.

I was on the verge of foreclosure, barely able to make my mortgage payments until I took on the rental and management of my own units. I have an on island friend to assist me with needs when I am not on island. With the 42% savings of what I am not paying my rental company, I now use that money toward the mortgage. I am just hanging on and even to pay out 15 or 20% to a property rental company would put me in foreclosure.

I wonder how many other vacation property owners are in my same predicament. I presently collect and pay all related TA and GET taxes to the state as required by law. If I lose these properties to foreclosure, the income to the state from these taxes will be gone.



The property owners, the vacation rental guests, and the State of Hawaii all lose with this bill. The only benefit will be to the property managers.

Please DO NOT SUPPORT this bill.

Respectfully,  
William F. Washam

Hawaii State Senate

This email is to present my opposition to SB 2089. This bill will increase the costs to visitors to our State. Any increases to our tourist industry will hurt our competitiveness in the worldwide visitor industry and force our visitors to go elsewhere.

The bill as written makes unfounded assumptions on how properties are managed and there is no guarantee that large professional managers will do a better job. One can make a case that "boutique," individual managers will provide a more unique visitor experience while providing some economic choices to our visitors.

Michael Goshi A.I.A.

To the Commerce and Consumer Protection Committee

As a Maui condo owner I am sending you this email to voice my opposition to the proposed Senate Bill 2089.

All the testimonials presented for Bill 2089 and bill 1707 lack evidence that a larger problem of non paid GE/TAT/Property tax really exists. Instead of anecdotal references, facts based on arrival, property tax and business tax records need to be obtained and presented to this Committee. Several other measures have been mentioned which would allow individual owners to continue acting as individuals (Disclosure of rental activity from HOAs, RBO web sites, etc).

GE/TAT taxes:

- My family owns a condo since 2010 and has been paying all GE/TAT/property taxes due on rental income. Like most owners we have spent significant amounts of our funds with local businesses and individuals to renovate and keep our condo in good shape and are doing just fine managing our rentals ourselves.
- We do not need a management company mandate to collect and submit taxes on our behalf. We highly doubt that property management companies have sufficient qualified personnel to perform tax collection and property management tasks satisfactory.
- As stated by other owners losing a significant portion of rental income for management company fees may cause owners to sell their property, increase price and thus impact real estate markets.

Agent on file:

- Most HOAs already require an on-island agent on file for emergencies. Should there be a lack of compliance, following up with HOAs and individual owners should be the first step before introducing a bill.

Please postpone a decision on this bill until solid evidence has been presented.  
With sincere hope that this committee will make decisions based on facts rather than following lobbying of property management companies.

Mahalo  
Stephan Vossen

Dear Honorable Hawaiian Legislators,

We are writing to voice our strong opposition to impending bill SB2089 requiring any nonresident owner who operates a transient accommodation located in the nonresident owner's private residence, including an apartment, unit, or townhouse, to employ a property manager approved by the real estate commission.

We understand this law is under consideration to help in compliance with payment of GET and TAT taxes.

The issue here is non-compliance of payment of HI taxes. Enforcement of payment of taxes is what is needed **not a law that requires property owners to hire a realtor/property manager**. The crime should not be **not** hiring a realtor/property manager but rather **not paying** ones taxes. It should not be a crime laden with penalties for a homeowner to not hire a real estate professional or manager to collect and pay their taxes.

Drafting a law applicable to "non-resident" owners is unequal enforcement - all who rent should be forced to comply regardless of where the owner resides if the objective of the law is tax compliance. Tax compliance is the responsibility of all owners who rent, not just owners who are "non-residents."

Whereas we agree, tax payments are necessary; mandating that non-resident owners hire a real estate professional or management company to ensure compliance is unreasonable. The State has a tax department. Use it. Do not penalize the very people who are sustaining Hawaii's economy with their investment in real estate. Go after tax dodgers and cheaters but do not create another system that will put a huge financial burden on your investors. Three years ago we had a property management company that we hired to oversee our investment, collect revenues and pay the taxes. Their priority was not in maintaining our investment but in putting dollars in their own coffers. Their motto "heads in beds" says it perfectly. Our Hawaiian home was in shambles do to a constant flow of tourists that treated it like Motel 6. They charged us 53 per cent management fees. No one else cares about your property or money more than you do. For that reason we took over management of our Maui home. We have a tax identification number and pay our GET and TAT taxes monthly and on time. We follow the rules. This proposed legislation is government intervention of private property. Do not mandate that we hire an outside firm to pay our taxes. Go after the tax dodgers and cheaters and have the tax finance department do their job. Do not create a further burden on the very people helping to keep your economy afloat.

Of course property managers are in favor. This feeds their self-interests. Just because a property owner removes their property from a management company does not mean the taxes are going unpaid, as others have asserted. Property managers currently charge 25-53% of gross revenues. This would leave us operating at a huge loss every month and

make it economically unfeasible to continue to own our condos. We need to remind legislators that property owners have already been devastated by the economy, loss of rental revenue and loss of property values. We operate consistently in the red. Adding this additional burden to property owners will have the opposite effect than what legislators are seeking to accomplish.

This legislation, if passed, will have the following negative impact on the Hawaiian economy.

1. Real estate investment in Hawaii will plummet.
2. Current owners will sell their property. The real estate market will be devastated.
3. Tax income received from Real Property taxes will plummet.
4. The overall effect will be a further loss of tax revenues.

We currently employ 10 individuals to help manage our property. We will have to lay off more than half of these employees if this legislation is passed.

We never would have considered investing in Hawaii if we knew this type of legislation was pending. This is a guaranteed method of killing further investment in Hawaii.

Require tax payment compliance, NOT a requirement the homeowners hire an outside party to collect rental revenue.

Respectfully yours,

Rick and Patty Cassidy

Maui Property owners and Hawaii Tax Payers

To Whom it May Concern;

I am very upset that the state of Hawaii is trying to impose a bill that will make property owners have to use an agent to rent out their properties. As a seasoned traveler to the Islands, I will have to rethink Hawaii as a future destination for my family. I have rented from owners numerous times and have always had a great experience. They are able to share in stories that would otherwise not have been told if we had used a property manager. Please reconsider this bill.

Kind Regards,

Adrienne Cirtaut

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Scott LaRue

Organization: Individual

E-mail: [sjlarue@gmail.com](mailto:sjlarue@gmail.com)

Submitted on: 2/27/2012

Comments:

I oppose this bill. It puts additional financial costs on the property owner that does not need a real estate agent to manage their private property. This is a loss for the homeowner and renter that will bear the costs. The only party

that benefits is the real estate who is an unrelated party. How can the government require an owner of private property to use a third party that will only impose additional costs? This is ridiculous.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Sandra Bilson  
Organization: Individual  
E-mail: [scbilson@aol.com](mailto:scbilson@aol.com)  
Submitted on: 2/27/2012

Comments:

This is a horrible bill that will force many, like myself, to sell their property. To pay 25 - 50% of rental income to an outside company would destroy our ability to keep our properties afloat. Rents would have to be raised through the roof and this would cause less tourism and less \$\$ to the state of HI.

I pay my taxes honestly and on time. This bill only serves the real estate industry and penalizes honest citizens who pay their taxes. Those who are dishonest and don't pay will most definitely not give 25-50% of their income away. There must be many other ways to find those who are not paying tax.

I actually don't think this law is constitutional. It is like confiscation of property.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: phillip & dena king  
Organization: Individual  
E-mail: [pdkpg@comcast.net](mailto:pdkpg@comcast.net)  
Submitted on: 2/27/2012

Comments:

Hello,  
We respectfully oppose this measure. We own a condo in Kauai and pay our taxes like everyone else, but this proposed law would require us to pay an extra 25 - 50% to some management company. I would be forced to increase my rates as much or forced out of business by foreclosing. How would this be good for Hawaii's tourism and economy?

I am opposed to SB 2089.

If this law is passed the cost will be 25% - 40% more if we revisit the beautiful islands of hawaii when renting a condo. I would have to rethink our visit if the cost of our vacation is going to be much more expensive than in the past.

Renting from an owner of a condo has been a great experience for us. We enjoyed the peaceful quiet home like setting for our wedding and honeymoon renting from a private owner. We made friendships through the personal experience of renting from a condo owner on Kauai. I have lived on Oahu in the past and enjoyed not staying in a hotel. We end up paying taxes as well to the condo owner just as if we had stayed in a hotel. We did manage to save a lot of money for our 10 day trip to Kauai by renting a condo at Kuhio Shores. If this law is passed it will cost more for condo owners which in return will have to raise prices in their rentals. Which in return will cost more for visitors to rent from condo owners.

Please do not pass SB 2089.

~Donna Patton~

~The way to happiness – keep your heart free from hate, your mind free from worry, live simply, expect little, GIVE much. ~ Carol Borges

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Steve Kramer  
Organization: Individual  
E-mail: [skramer65@gmail.com](mailto:skramer65@gmail.com)  
Submitted on: 2/27/2012

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Comments:

Aloha, ladies and gentlemen.

I am speaking out in opposition to this bill. Quite simply, it discriminates against non-Hawaiians. While it requires non-resident owners to use a property management firm, it does not put a similar requirement on residents, and that is wrong. Further, it's probably illegal.

Second, it will only help the property management firm(s) involved at the expense of other sectors of the economy. Using such firms will raise owners' costs, which will in turn force them to raise rates. Visitors will have to spend more on accommodations and will then have less to spend for meals, tours, etc., IF THEY COME TO HAWAII AT ALL!

Things are working well as they are. Leave well enough alone.

Mahalo for your attention.

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We have stayed in Hawaii quite a bit utilizing websites through the homeowners themselves. We have always had a very pleasant experience. My preference is dealing with the homeowner themselves opposed to a management group. The personal touch is much better and that is why we detour from hotels as much as possible. We have always been charged tax in every rental we have stayed in from the owners themselves. If the tax increased significantly it would definitely make us rethink our visits to any of the Hawaiian islands. As it is now we are taxed when renting a car the highway tax.

This bill is so that locals living on the island can earn income which I can't argue with **BUT** if you are going to allow people to purchase vacation properties on your islands then they should be able to run them as they want. They are paying all of the taxes that are required of them which I can't imagine comes very cheap. Realtors and property managers need to find their income elsewhere and not from the people who own their own properties and rent them out as needed to afford the comfort of owning on these beautiful islands.

I STRONGLY OPPOSE SB 2089

Thanks & have a great day!

Carrie Murillo

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We had a great experience using VRBO. Please say no to SB 2089.

Sincerely,  
Ryan Kray

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Rodney/Deborah Conklin  
Organization: Individual  
E-mail: [rodneyconklin@sbcglobal.net](mailto:rodneyconklin@sbcglobal.net)  
Submitted on: 2/27/2012

Comments:

Hello,

I just want to go on record as **opposing SB 2089**. It would undermine the owner's right to control their own property. I have used property

managers in the past that were licensed by the state and they ran off with both my rental proceeds and the taxes that they collected. The owners are the ones ultimately responsible for paying their taxes and if that is the issue then perhaps a better system of policing the taxes should be enforced. Owners could be mandated to post their tax id numbers on their rental listings, so that they could be tracked.

Sincerely,

Jeanette Fagelson

We are resident self-managed property owners who do vacation rentals. We are against this and similar legislation that places the burden of DOTAX's tax enforcement solely on self-managed property owners, whether they be resident or non-resident.

We utilized property managers & real estate agents for the first 13 years we owned our rental property. We paid far more than we could afford for their services and got very little in return. None of them rented our property for more than a few weeks at the height of the season. We had constant problems with their service people doing such poor jobs in cleaning & servicing the property that we decided we had to sell to get from under the debt. While it was on the market, we terminated the agent, established our own website and began managing our own bookings (with the help of a resident retired couple who cleaned, took trouble calls, arranged repairs, etc.) -- and paid our own taxes to the State of Hawaii. That changed everything -- suddenly we were filling most of our openings and we started actually making our expenses rather than constantly losing money. To force us to go back to paying excessive amounts to hire incompetent "managers" will drive us out of business and we will be back in the position of having to sell our property to keep from going bankrupt.

This measure & the companion bill HB1707 purport to be for the purpose of increasing tax collections, but as the CPC Report on HP1707 admitted, one of the main purposes of this legislation is actually to "control the proliferation of temporary vacation rentals." That is blatant taking of our property rights in order to insure that property managers/realtors no longer have the competition from self-managed rentals. And it attempts to do so by forcing owners who are barely getting by now to pay their own money into the coffers of realtors and large rental agencies -- the true supporters of this legislation.

Supporters of this legislation state that all self-managed owners avoid paying taxes, which is patently untrue. DOTAX's prior attempts to track down non-payers in the past have been quite successful and we encourage those efforts. However, criminalizing all self-managed owners in order to catch cheats is not the way to go.

Rather than pass this discriminatory, costly & disastrous legislation, DOTAX should do its job and prosecute both resident & non-residents alike (as well as Property Managers, realtors, etc.) who avoid paying their taxes.

Please do not pass this ill-conceived legislation that will serve only to hurt Hawaii's economy and tourism.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Noreen Daniels  
Organization: Individual  
E-mail: [kuponol@hawaiiantel.net](mailto:kuponol@hawaiiantel.net)  
Submitted on: 2/27/2012

Comments:

Please vote NO on Senate Bill No. 2089 RELATING TO TRANSIENT ACCOMMODATIONS. Report Title: Transient Accommodations; Property Manager Description: Requires any nonresident owner who operates a transient accommodation located in the nonresident owner's private residence, including an apartment, unit, or townhouse, to employ a property manager approved by the real estate commission. In today's economy it is another regulation bent on taking away more of our civil rights as property owners and placing the real estate industry in the position to line their pockets with money while the real estate industry is suffering. We too, the general public, are reeling with the expectations of our elected leaders to continue to mine our pockets and bank accounts to serve elements of our society who do not necessarily take care of their own responsibilities. As a past licensed real estate agent, property manager and rental agent of almost 30 years, I have found that most private owners do a good job of managing their properties on their own. They hire good housekeepers, competent maintenance people and pay them good wages. They certainly contribute greatly to the local economy. In that same vein, I have personally witnessed the scamming of these property owners by so-called official, licensed real estate brokers. The properties are cleaned and maintained by the cheapest and sometimes most incompetent of the available people. They overcharge for their booking and service fees. Their overhead precludes an economical choice for property owners. I have seen personal property pilfered by guests and employees while the property owner is under the mistaken understanding that their property is being cared for and protected by these agents. It seems that at this time while our Constitutional rights are being battered at every level of our lives - that the rights of property owners are being battered along with those other rights that we, as Americans, have always been so proud of. Top that off with stringent regulations over every aspect of our lives and it looks like we're heading right out of a Democratic society into a Communistic society where every part of our lives will be regulated and taxed and watched over by the oppressive Man In Charge. Please vote NO and help us stay FREE and INDEPENDENT and HAPPY.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Sherron Bull  
Organization: Individual  
E-mail: [rental@hale-pohaku.com](mailto:rental@hale-pohaku.com)  
Submitted on: 2/27/2012

Comments:



We are resident self-managed property owners who do vacation rentals. We are against this and similar legislation that places the burden of DOTAX's tax enforcement solely on self-managed property owners, whether they be resident or non-resident..

We utilized property managers & real estate agents for the first 13 years we owned our rental property. We paid far more than we could afford for their services and got very little in return. None of them rented our property for more than a few weeks at the height of the season. We had constant problems with their service people doing such poor jobs in cleaning & servicing the property that we decided we had to sell to get from under the debt. While it was on the market, we terminated the agent, established our own website and began managing our own bookings (with the help of a resident retired couple who cleaned, took trouble calls, arranged repairs, etc.) -- and paid our own taxes to the State of Hawaii. That changed everything - suddenly we were filling most of our openings and we started actually making our expenses rather than constantly losing money. To force us to go back to paying excessive amounts to hire incompetent "managers" will drive us out of business and we will be back in the position of having to sell our property to keep from going bankrupt.

This measure & the companion bill HB1707 purport to be for the purpose of increasing tax collections, but as the CPC Report on HP1707 admitted, one of the main purposes of this legislation is actually to "control the proliferation of temporary vacation rentals." That is blatant taking of our property rights in order to insure that property managers/realtors no longer have the competition from self-managed rentals. And it attempts to do so by forcing owners who are barely getting by now to pay their own money into the coffers of realtors and large rental agencies - the true supporters of this legislation..

Supporters of this legislation state that all self-managed owners avoid paying taxes, which is patently untrue. DOTAX's prior attempts to track down non-payers in the past have been quite successful and we encourage those efforts. However, criminalizing all self-managed owners in order to catch cheats is not the way to go.

Rather than pass this discriminatory, costly & disastrous legislation, DOTAX should do its job and prosecute both resident & non-residents alike (as well as Property Managers, realtors, etc.) who avoid paying their taxes.

Please do not pass this ill-conceived legislation that will serve only to hurt Hawaii's economy and tourism.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Bradley R.G. Tomlinson  
Organization: Individual  
E-mail: [pullbuoy@hotmail.com](mailto:pullbuoy@hotmail.com)  
Submitted on: 2/27/2012

Comments:

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Jerry Dunlap  
Organization: Individual  
E-mail: [jvdunlap@verizon.net](mailto:jvdunlap@verizon.net)  
Submitted on: 2/27/2012

Comments:

OPPOSE SB 2089 Monopoly

I oppose this bill because I will loose my right to rent my small house out. I need the rents to support its cost. An agent would not be able to successfully rent it out and I am not be able to afford a 35% commission. I will be forced to sell it it. Why are you doing this to me?

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: James Honniball  
Organization: Individual  
E-mail: [jhonniball@sbcglobal.net](mailto:jhonniball@sbcglobal.net)  
Submitted on: 2/27/2012

Comments:

I oppose SB2089. It will not increase the revenue of tourism to the state of Hawaii. Instead it will put additional burden on the property owner and cause unnecessary overhead to the tourist.

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Leanne Rousell  
Organization: Individual  
E-mail: [lrousell@telus.net](mailto:lrousell@telus.net)  
Submitted on: 2/27/2012

Comments:

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I am writing in opposition to SB 2089. Thank you for the opportunity to voice my opposition.

**Support Testimony based on Fallacy**

I read through the testimony of your last hearing. Real Estate and Property Management groups say that so much more will be collected in taxes with this legislation. This is a self-serving fallacy that has no basis in fact. There is no evidence that great hordes of vacation rental owners are not paying their taxes. An audit showed otherwise and in fact, what is more likely to happen with this ill-conceived bill is that property values would fall with a great many more condos on the market due to individual owners not being able to afford to keep them. This would reduce assessment value, the market prices being lower now, and thereby property taxes would continue their decreasing spiral. In addition those many, many owner rented vacation properties would not be in business – forced to sell – so those taxes would not be there to collect.

**Rights to use of Property:**

I hope you are very carefully reading the testimony that is in opposition. You propose to take away rights to the use of property for a segment of citizens and exempt others, all because of an inadequate structure for assuring taxes are collected on short term vacation rentals.

**Payment of taxes:**

Many, many owners of short term vacation rentals, like ourselves, pay our taxes on our rental income completely. We have been doing so for years. Why would legislators want to take away our property rights and penalize us for doing the right thing?

**Problem of Realtor Management:**

Since we started short term rentals in 2002 we have tried several agencies for the management and rental of our property. It has only been since I have managed the rental end of the business that we have had any success at obtaining rentals. I put a great deal of time and care into that, which is not/ and would not be the case of an agency managing numerous properties. Of course we have an on-island agent to manage the daily care of our unit and respond to any problems that may occur.

**Time to Sell:**

Even with our moderate success in obtaining rentals, we do not cover the costs of the property through the rental income. If we were to lose 20 -40% of that income to a Realtor, we would not be able to keep the property. Our negative cash flow for the property would be just too great. If you are going to boost the real estate and hotel industries in this manner, please give us a few years before it is implemented so that we can find a buyer for our property.

**The Purpose of this Proposed Legislation:**

It seems if the problem you are trying to solve is getting the proper taxes paid, there should be a way directed at enforcing the laws that exist. If the purpose is to support the strong lobby for hotels and realtors, maybe you've found the way to take the individual short term vacation renters out of the market.

**Horror Stories**

There are Horror Stories on both sides of this issue. You are hearing about Property Management groups that go out of business, take their money and run. You are hearing about individual owners who don't have responsible on-island agents near their property to care for emergency situations. Both of these are the extremes. In fact Property Management groups are losing business because they charge too much to owners, forcing rental prices higher and do not give the personal attention that the one-owner rental can. In fact the State of Hawaii gets vast amounts of money from individual owners renting their condos and following the law. For those owners not following the law, both resident and non-resident, that is the problem to be addressed.

Thank you for the opportunity for Testimony.  
Cynthia Richardson

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: John Laden  
Organization: Individual  
E-mail: [jladen@laden.ws](mailto:jladen@laden.ws)  
Submitted on: 2/27/2012

Comments:

Having reviewed this bill and the comments it appears that currently legal out of state property owners would be penalized for illegal activities of both resident and non resident owners.

For legal non resident owners this will represent a 30% increase in costs Based on discussions with groups that currently provide these services

For illegal non resident owners this will not result in any changes since they have already shown they won't follow the law. It is not clear how this law would make illegal renters follow the current or future laws. It would appear what is needed is plan to identify and then prosecute illegals under the current law. This law is not going to identify the illegals. This law limits rentals to real estate companies only. How does that identify the violators?

If they advertise on the net about renting and do not have a license or they are not paying taxes on rental then you have a possible violator.

A 30% increase in operating costs will force many to withdraw from the market with the following results:

Loss of Hawaiiin jobs such as cleaning services, maintenance services, sales of goods, taxes, etc.

Higher costs for vacationers which will result in smaller numbers of vacationers.

Increased real estate foreclosures since many can not afford these properties without this legal income.

I can see the problem but can not see how this will solve it and potentially us legal independent out of state property owners will under go a significant financial loss.

Mahalo  
John Laden

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Jennifer Barth  
Organization: Individual  
E-mail: [jkbarth@gmail.com](mailto:jkbarth@gmail.com)  
Submitted on: 2/27/2012

Comments:

I oppose this bill. I had excellent care, condo was in beautiful condition. I paid taxes everytime. The owner were always available to help when needed.

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: David Eckroth  
Organization: Individual  
E-mail: [dleckroth@psfinc.com](mailto:dleckroth@psfinc.com)  
Submitted on: 2/27/2012

Comments:

Honorable Senators Baker and Tanaguchi,

As non-resident owners of a property currently being successfully managed by ourselves utilizing local contractors, subcontractors and suppliers for cleaning and maintenance, air-conditioning service, landscaping, insurance, banking, florists, pest management and consumable supplies, we strongly oppose this bill.

Passage of this legislation would accomplish the following:

\* Significant dimunition in already depressed real estate values creating additional stress on lenders, owners, HOA's and county tax authorities. Foreclosures will surge at a time when the market is finally beginning to recover.

\* Net REDUCTION in collection of TAT as nonresident owners like ourselves remove properties from the rental market that have been providing millions of dollars in

tax revenue for the State of HI. We simply cannot profitably manage our property business with a 30% increase in costs and will either move the property to long-term rental or leave it vacant while we are off-island and not utilize any local services. HTA's own research in 2007 indicated over 97% of owner/operators advertizing RBO properties comply with collection and remittance of GE and TAT taxes. There are other mechanisms in place to ensure all owners, not just non-residents, comply.

\* Create an unjust taking of property from one class of property owner versus another where there is no legal, numerically supported, or ethical reason for doing so. Disparate treatment of resident owners and off-island or non-resident owners violates at a minimum the Equal Protection provisions of Hawaii's and US Constututions.

Simply put, I believe there are better ways to ensure ALL owners of Transient Accomodations are collecting and paying appropriate revenues to the State of Hawaii including registration and posting of tax ID numbers on websites and promotional materials. This bill will do the opposite by forcing non-resident and off-island owners out of the TA market.

Finally, many who have testified in support of this legislation, the property managers themselves, are defending an outdated and inefficient business model, much like the travel agencies of a decade ago. Most of our guests, a large percentage of which are friends and repeat visitors, PREFER to deal directly with us as owners. Feeling like true guests in our Hawaiian home enhances their overall visitor experience and leads them to return again and again.

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Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Barbara Stafford  
Organization: Individual  
E-mail: [stafford.barb@gmail.com](mailto:stafford.barb@gmail.com)  
Submitted on: 2/27/2012

Comments:

My husband and I are about to purchase a condo in Kihei, which is short term rentable. We clearly understand the state's need to collect proper taxes due, and understand the need for local property managers. The only part I object to is prohibiting the use of the internet to advertise the availability of rental units. Please don't limit where I can advertise but rather insist that the listing or add provide the contact information for the property manager. Thank you.

---

TO whom it may concern:

It has come to my attention that a bill stands before the senate to force home owners in Hawaii to rent their properties through realtors or management companies, because the homeowners, allegedly, don't pay taxes and guests are unhappy with their experiences when renting from VRBO or the like. It should be noted that management companies and realtors utilize VRBO and the like. Given the number of management companies and realtors who use VRBO and the like, it's possible that the unhappy guest, about whom the bill refers, could have stayed in one of these places and not an owner operated and rented home/condo. And, perhaps the state should better monitor its tax revenue than bow to the pressure of big business realtors and management companies who are trying to squash their competition, because they can't compete with the personalized service of owner operated and rented properties.

1) This bill flies in the face of free market capitalism. It goes against what the United States of America was built on, enterprising individuals working hard to make a better world for themselves.

2) I paid the obscene Hawaii sales and lodging taxes when I rented from a home owner using VRBO. That amount was labeled as such.

3) When the owner manages their own home/condo they have one, maybe two places to care for, while a realtor or management company will have hundreds. I'd rather stay where I'm an honored guest and word of mouth referrals matter over volume.

4) I had the best experience when I stayed at the owner operated and rented condo on Kauai. The owners loved their condo and its location and took GREAT pride in sharing that experience with us. And, given their guest book, we were not the only happy customers.

5) Those owners employed a local woman to clean and over see the property. Thus, they are providing work for the local people. I know that they have done so throughout the "Great Recession". How many Hotels and management companies have laid off their employees and offered inferior service to their guests, in pursuit of the bottom line, these last couple of years?

6) VRBO has a complaint system where by they will remove a property that gets too many complaints. If guests are not taking advantage of this, don't penalize all homeowners for a few lazy guests.

Please don't strangle capitalism and limit employment opportunities for the local Hawaiian people.

Regards,  
Julie Tamblyn

---

My husband and I have owned our condo at Kanaloa at Kona on the Big Island since the 1980s. We have always paid all of the taxes due on our rental. We manage and rent the condo ourselves and urge you in the strongest terms not to impose a middle-man on us in the form of a realty agent. Please oppose SB 2089.

Respectfully,  
Francoise Rothstein

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**FAX COVER SHEET**

<b>TO</b>	Rosalyn H. Baker
<b>COMPANY</b>	
<b>FAX NUMBER</b>	18085866071
<b>FROM</b>	Munro Murdock
<b>DATE</b>	2012-02-25 04:29:11 GMT
<b>RE</b>	Oppose SB 2089!

**COVER MESSAGE**

Please review the enclosed letter from the attorneys representing the HVROA and vote NO on SB 2089. It is a direct violation of Owner's property rights and it will NOT pass constitutional muster.

- SB-2089 is illegal/unconstitutional. Attach the law firm's letter to faxes and testimony
- HB 1707 has already been defeated in the House because of its illegality. Please follow suit with SB-2089
- SB-2809 will cost Hawaii tens of million of dollars in lost TA/GE taxes

Mahalo

[hawaiilawyer.com](http://hawaiilawyer.com)

# DAMON KEY LEONG KUPCHAK HASTERT

A LAW CORPORATION

February 24, 2012

Attorneys at Law

1003 Bishop Street, Suite 1600  
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- Steven K. Gray
- Diane D. Hastert
- Caron N. Ikeda
- Courtney S. Kajiikawa
- Christine A. Kubota
- Christi Anne H. Kurko Chock
- Gregory W. Kingle
- Kenneth R. Kupchak
- Denis C.J. Leong
- David P. McCauley
- James C. McWhinnie
- Sara Mustafa-Ray
- Mark A. Murakami
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Of Counsel  
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C.H. Damon, Jr.  
Harry A. Inman

Charles W. Key  
(1929-2008)

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Admitted in Hawaii and California  
Admitted in New York and  
District of Columbia



Providing business clients  
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and exceptional service.

The Honorable Rosalyn Baker  
State Senate  
415 South Beretania Street  
Hawaii State Capital, Room 230  
Honolulu, Hawaii 96813

Re: SB 2089

Dear Senator Baker:

We represent the Hawaii Vacation Rental Owners Association (“HVROA”) in opposition to Senate Bill 2089, which purports to require non-resident owners of residential units to hire licensed property managers when renting their homes.

Bill 2089 is patently unconstitutional discrimination against non-resident property owners by the State of Hawai’i, in violation of the United States Constitution. The Constitution prohibits discrimination against non-residents through the Equal Protection, Privileges and Immunities and Commerce Clauses. It is well-settled law that the right to own and dispose of privately-held property is a “fundamental right” for purposes of the Constitution. *Daly v. Harris*, 215 F. Supp. 2d 1098, 1101 (D. Haw. 2002) (Honolulu’s Hanauma Bay non-resident fee ordinance). Under the Equal Protection and Privileges and Immunities Clauses, discrimination on the basis of residency is reviewed under strict scrutiny. The statute is unconstitutional if it is not necessary to further a compelling state interest. *Walsh v. City and County of Honolulu*, 460 F. Supp. 2d 1207 (granting injunction against Hawai’i’s residency requirements). In fact, the Hawai’i Supreme Court has held that Hawai’i’s durational residency requirement “exists without a rational basis.” *York v. State*, 53 Haw. 557, 561 (1972).

Likewise, under the Commerce Clause, the inquiry is whether the law regulates evenhandedly with only incidental effects on interstate commerce, or whether it discriminates against interstate commerce, which means different treatment of in-state and out-of-state economic interests. “If a restriction on commerce is discriminatory, it is virtually per se invalid.” *Barber v. State of Hawai’i*, 42 F.3d 1185, 1194 (9<sup>th</sup> Cir. 1994).

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DAMON KEY LEONG KUPCHAK HASTERT  
The Honorable Rosalyn Baker  
February 24, 2012  
Page 2

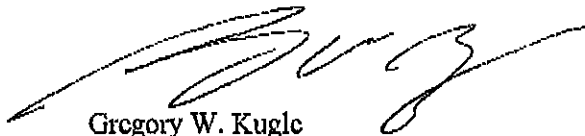
Under any analysis, SB 2809 will not pass constitutional muster. Laws requiring the payment of transient accommodation tax already exist. Taxes are paid, or not paid, by residents and non-residents alike. The Bill has absolutely no purpose other than to significantly increase the cost of owning and renting property for non-residents.

In addition to these insurmountable constitutional infirmities, the Bill has many other fatal flaws. It impermissibly infringes on the four Counties' home rule powers, each of which can differently define transient accommodations for purposes of their zoning laws. In addition, property owners are statutorily exempt from using a licensed realtor when renting their own property.

For the foregoing reasons, and others, IIVROA respectfully requests that SB 2809 not be passed.

Very truly yours,

DAMON KEY LEONG KUPCHAK HASTERT



Gregory W. Kugle

GWK:ds

cc: Ms. Angie Larson  
160982

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Ashley Sanderson  
Organization: Individual  
E-mail: [a\\_sanderson01@hotmail.com](mailto:a_sanderson01@hotmail.com)  
Submitted on: 2/24/2012

Comments:

I STRONGLY OPPOSE this bill! WeIown two condos on Kauai. My parents own and manage their properties and have impeccable reviews! They take great care in ensuring my guests have an amazing experience. They have paid every cent in tax and totally support taxes. They have NO INTEREST in having anyone else manage my properties. When i began i had that, and it was horrible. They overcharged our guests, they werent sensitive to cancellations, they provided no service in terms of guest experience, they were in it TOTALLY FOR THE MONEY! This is our family condo, one day it will belong to me and my brother. But if this bill is passed, my parents will sell it. They dont want anyone managing their property that is only do it for the money - not for the guest experience and enjoyable of being hosts. my parents are committed to paying every cent in tax - but if your force them to hire property managers they will SELL and it will never be our home away from home!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Ivar Pedersen

Organization: Individual

E-mail: [ivar@ivarp.com](mailto:ivar@ivarp.com)

Submitted on: 2/24/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Cole Sanderson  
Organization: Individual  
E-mail: [colesanderson4@gmail.com](mailto:colesanderson4@gmail.com)  
Submitted on: 2/24/2012

Comments:

I STRONGLY OPPOSE this bill! WeIown two condos on Kauai. My parents own and manage their properties and have impeccable reviews! They take great care in ensuring my guests have an amazing experience. They have paid every cent in tax and totally support taxes. They have NO INTEREST in having anyone else manage my properties. When i began i had that, and it was horrible. They overcharged our guests, they werent sensitive to cancellations, they provided no service in terms of guest experience, they were in it TOTALLY FOR THE MONEY! This is our family condo, one day it will belong to me and my brother. But if this bill is passed, my parents will sell it. They dont want anyone managing their property that is only do it for the money - not for the guest experience and enjoyable of being hosts. my parents are committed to paying every cent in tax - but if your force them to hire property managers they will SELL and it will never be our home away from home!

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Kim Sanderson  
Organization: Individual  
E-mail: [k-sanderson@shaw.ca](mailto:k-sanderson@shaw.ca)  
Submitted on: 2/24/2012

Comments:

I STRONGLY OPPOSE this bill! WeIown two condos on Kauai. I manage them myself and i have impeccable reviews! I take great care in ensuring my guests have an amazing experience. I have paid every cent in tax and totally support taxes. I have NO INTEREST in having anyone else manage my properties. When i began i had that, and it was horrible. They overcharged my guests, they werent sensitive to cancellations, they provided no service in terms of guest experience, they were in it TOTALLY FOR THE MONEY! If these realtors or property managers want more business DO A BETTER JOB - dont make it a tax issue as a disguise for lazy business - make a better mousetrap guys! IF this was to go thru, myself and many others would not continue. I dont want anyone else involved in my condo business, especially some people that are out only for the money. I want my guests to have an exceptional experience while in Kauai (i also cant afford the 40% fee they charge - PLUS they hide numerous fees for my guests - under "booking fee") Please DONT pass this horrible BILL. It will hurt real estate and it will hurt tourism to the area. Both of these are starting to come back now, dont kill them off.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Paul Sanderson

Organization: Individual

E-mail: [jpsanderson55@gmail.com](mailto:jpsanderson55@gmail.com)

Submitted on: 2/24/2012

Comments:

I STRONGLY OPPOSE this bill! WeIown two condos on Kauai. I manage them myself and i have impeccable reviews! I take great care in ensuring my guests have an amazing experience. I have paid every cent in tax and totally support taxes. I have NO INTEREST in having anyone else manage my properties. When i began i had that, and it was horrible. They overcharged my guests, they werent sensitive to cancellations, they provided no service in terms of guest experience, they were in it TOTALLY FOR THE MONEY! If these realtors or property managers want more business DO A BETTER JOB - dont make it a tax issue as a disguise for lazy business - make a better mousetrap guys! IF this was to go thru, myself and many others would not continue. I dont want anyone else involved in my condo business, especially some people that are out only for the money. I want my guests to have an exceptional experience while in Kauai (i also cant afford the 40% fee they charge - PLUS they hide numerous fees for my guests - under "booking fee") Please DONT pass this horrible BILL. It will hurt real estate and it will hurt tourism to the area. Both of these are starting to come back now, dont kill them off.



Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Manfred Wagner

Organization: Individual

E-mail: [manfred@hiddenmauiparadise.com](mailto:manfred@hiddenmauiparadise.com)

Submitted on: 2/24/2012

Comments:

How will this in any way benefit the State of Hawaii, especially in the current climate? Rental prices will increase, therefore decrease the number of vacationers to the islands. We currently collect taxes for the unit that are submitted to the State. Who will this benefit? No one other than a few property managers. NOT owners, nor renters. For us, it would probably mean a hardship as I can't see us being able to even cover costs to keep the property we purchased last year as times as so tight already for every dollar spent by vacationers coming to the island. Again, what is the point of this bill?

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: doraine warner  
Organization: Individual  
E-mail: [stayincancun@aol.com](mailto:stayincancun@aol.com)  
Submitted on: 2/24/2012

Comments:

There are many vacation rental owners (there are thousands of them in Hawaii) that are up in arms about this bill. It would take away our livelihood as vacation rental owners and managers, and throw our workers into poverty- literally! They are on the edge as it is, and are barely making ends meet. We would, along with many, many owners, be forced to sell our vacation rental condo in Maui. This bill will create many foreclosures, and a downward spiral in property values. It would be very sudden and harmful to the local economy in Hawaii. There would be more unemployment, due to the workers for these owner owned and managed properties being laid off, and would affect the tourism business badly. There would be a rise in costs to stay in Hawaii, and therefore a smaller number of visitors to the island. That, along with the money that we, as owners, would lose, would be a shame. This is during the worst recession in 60 years!! Not a good idea, I would say!

The unemployment rate in Hawaii, is already high enough. Maui is particularly bad.

This bill is "capping" the percentage at 15% that these realtors can get from us. What kind of a job do you think that they will do for that percentage- the standard fee is anywhere from 25- 40%. Many people say that agents don't rent their units out like owners do- the difference of 20% to 85%!! How are we supposed to stay in business with these low occupancy rates? They also don't generally keep the units in good working order like the owners do. This, along with the number of owners being forced to sell, will drive property values down. We will probably have to sell, along with hundreds of others, suddenly. The values will plummet!!

There is a group that is gathering money for a lawsuit against this bill, and you can count on this lawsuit claiming discrimination. It is pure discrimination, against off island owners, pure and simple. This will not be the last of this matter, believe me. Talk about ramming this thing through suddenly, so that owners don't know about it! Why are they rushing it so, most owners don't even know about it!! How about taxation without representation? I believe that is part of the constitution!!!

Dori Warner owner at Maui Vista, 2107 and 2110

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Zach San Miguel

Organization: Individual

E-mail: [zjsanmiguel@gmail.com](mailto:zjsanmiguel@gmail.com)

Submitted on: 2/24/2012

Comments:

I oppose this bill because I don't want the rental costs to be any higher. I would also implore you to realize that passing this bill will undoubtedly reduce the amount of tourism that Hawaii is accustomed to.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Ken Johnson  
Organization: Individual  
E-mail: [kenjohnson1999@hotmail.com](mailto:kenjohnson1999@hotmail.com)  
Submitted on: 2/24/2012

Comments:

SB-2089 should be rejected, just as the House Finance Committee did on Thursday. The House recognized that this bill has many problems, most notably:

1) It unconstitutionally discriminates against non-resident property owners. See the letter from the Law firm Damon Key Leong Kupchak Hastert. It is inconceivable that any responsible legislator would pass SB-2089 after reviewing the analysis in this letter.

2) It requires realtors to provide booking services in violation of RICO laws. SB-2089 would create a legal catch-22 situation for owners who have been sending in their taxes; Realtors will not represent them and sending in the tax yourself will trigger a \$1000/day fine. This is no way to legislate.

SB2089 does not raise TA/GE revenue as most owners pay their taxes. On the contrary, SB-2089 will force thousands of vacation rental owners to close shop or go underground, costing Hawaii tens of millions in TA/GE taxes and billions in tourist dollars.

Thank you for your attention to this matter.

Ken Johnson  
Oahu Vacation Rental Owner

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Anna Stone

Organization: Individual

E-mail: [JesusisLordus@yahoo.com](mailto:JesusisLordus@yahoo.com)

Submitted on: 2/24/2012

Comments:

The state will lose millions of tax dollars from GET and TAT all owners pay to the state.

Having any realtor to do this task is not legal and will kill the tourist industry.

Most owners who rent out their condo bring \$\$\$ to Hawaii. IF we must be charged over 50% to have a manager then most everyone will not rent out their condos or homes.~~Anna Stone

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

E-mail: [Brenda.Kosky@gmail.com](mailto:Brenda.Kosky@gmail.com)

Submitted on: 2/23/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Fereshteh Nikbakhsh-Tali

Organization: Individual

E-mail: [fereshtehali@sbcglobal.net](mailto:fereshtehali@sbcglobal.net)

Submitted on: 2/24/2012

Comments:

If this bill is passed, it would destroy real estate values in HI. Many owners, including me will have to sell our properties, we could not afford the extra 35-40% fees. Demand for real estate will fall as inventory goes high and prices will drop. I pay my taxes and higher property taxes in order to have my investment in HI.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Michael Whalen

Organization: Individual

E-mail: [mauiwhalens@sbcglobal.net](mailto:mauiwhalens@sbcglobal.net)

Submitted on: 2/24/2012

Comments:

SB2089 is illegal per Hawaii laws. A realtor will be violation for representing illigal rentals. This bill conflicts with current law. Per testimony by Rico. It is unconstitutional.



Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Teresa Dantzler

Organization: Individual

E-mail: [teri@terilou.com](mailto:teri@terilou.com)

Submitted on: 2/24/2012

Comments:

SB 2089 Testimony

I strongly oppose this measure because it will only benefit the Property Managers and negatively impact tourism. Property Managers charge 40-50% for their services that will cause owners to either increase their rates by the same margin or take an additional 50% hit against their bottom line. Since rental clients will not be willing to pay the increase owners like me who are barely holding their head above water will lose 40-50% of their profit and go into foreclosure. In the last 5 years prices have dropped significantly and renters dropped in half. With that bleak news I am sure many owners have chosen to manage their own properties and not go through a Property Management Company. However this measure will not increase revenue to the State if the properties don't get rented and/or the owners are making no profit because it is all going to the Management firm. I have always collected, reported and remitted my Transient and Excise Tax payments to the State of Hawaii on time. Don't punish the law abiding owners who pay their taxes on time with a law that will decrease revenues to the State because of a few tax cheaters.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Sharon Diercks

Organization: Individual

E-mail: [sharondiercks@hotmail.com](mailto:sharondiercks@hotmail.com)

Submitted on: 2/24/2012

Comments:

I am writing to support the passage of SB 2809

With the increase in ease of use and popularity of the internet, many property owners have sought to rent their vacation rental properties without a licensed real estate agent/company and have been collecting the guests' monies themselves. This collection creates several problems that can be avoided by SB 2809: (1) creates an increased risk to the guests' money since the monies are not held in a trust account by a 3<sup>rd</sup> party, (2) the State of Hawaii has no "visibility" that a transaction has occurred, and (3) the State has no way of knowing if the correct amount of taxes were collected or paid to the State. It is reasonable to believe that there are individual owners who, whether intentionally or unintentionally, fail to collect the correct tax (possibly to make the bottom line more attractive to a potential renter) or possibly worse, do collect the taxes from the guest but keep these monies instead of paying it to the State.

The State of Hawaii tax authorities are effectively blind to this revenue. This is not a position the State can not allow itself to be in, nor is it fair to all of the other owners who are paying these taxes to the State.

The number of owners who now rent by owner (RBO) has grown dramatically over the past 5 to 8 years, and SB 2809 works to ensure the proper taxes are collected and paid to the State at no additional cost to the State.

The Bill's purpose is neutral and reasonable – to ensure all owners pay the tax the State is due. While some owners may say that property managers are too expensive, I would suggest they shop around. This is a competitive business and more and more property managers, like us, are willing to work with an owner's budget and offer reduced commissions for bookings referred by owners.

I would strongly request that for all the good reasons cited above that this Bill be passed by the committee.

I oppose SB 2089 because it:

- 1) Puts undue regulation on transit property owners.
- 2) Laws are already in place to ensure payment of taxes.
- 3) Violates my constitutional rights against discrimination as a non-resident of the county/state.
- 4) Puts the little people out of business – only big companies profit. This is another example of “government knows best”!
- 5) Reduces the supply of reasonable vacation rentals.

This bill would increase expenses by 20% or more to private owners. It would reduce their profit margin unacceptably and force the selling of vacation homes through out Hawaii. Don't ask people who have invested their time and money into Hawaii, achieving their dream, to turn over their business to realtors and property managers who don't care personally about our unit. They only care about getting a share of our money.

If the tax department doesn't know how to find owners that don't pay their taxes, I will do it for them for 20% of the recovered money!

Dear Representative,

I oppose SB 2089 for the following reasons:

- 1) It discriminates against a non-resident and the small businessman.
- 2) I don't trust a realtor to actively and promptly pay my GE and TA like I do.
- 3) There are laws already in place to ensure payment of taxes – Enforce them!
- 4) This is another example of "Government knows better!" It puts the little people out of business and only big companies profit, and tells the tourist what they have to do.
- 5) I am actively involved in our rental unit 24/7 and I love what I do. I communicate with our guests and our assistants and enjoy my "job." This would make me become a passive participant of my own condo and not know who was renting MY condo!
- 6) I have a licensed, insured and bonded cleaning lady who I send a 1099-Misc in for each year.
- 7) If the property managers aren't getting enough business, they need to become more competitive and innovative in this changing world. Don't ask people who have invested a lot of their time and resources into Hawaii, achieving their dream, to turn over their business to realtors and property managers who don't care personally about our unit. They only care about getting a share.
- 8) We have dreams of retiring in our condo in Maui. We really don't make a profit on our condo. We earn enough to cover the cost of getting to travel to Hawaii and enjoy Paradise for a few months a year with hopes of retiring there. We enjoy sharing our slice of Paradise with excited guests coming to Maui who cannot afford the \$200+ per night places. Our families enjoy it, also.
- 9) If this bill goes through, we would no longer be able to participate in the activities of our condo. Our stellar cleaning lady and others like her would lose their jobs. Our prices would have to be raised to cover the cost of the "1/3" that one property manager quoted in the Finance meeting the House Broadcast yesterday, would expect. We would have to sell our condo, along with all the other small business people who had dreams of retiring in Maui. In addition, these "managers" would receive 1099's from us, also!
- 10) The real estate market would be flooded with people selling their properties, if this bill goes through.
- 11) Granted, there are some property owners renting places that are not vacation rentable. This would be a conflict for a licensed Realtor or property manager who would be going against zoning laws.

#### SOLUTIONS:

- 1) Have Property managers who suspect someone isn't claiming income "turn these people in" to the Tax Offices. They can check their records by address and business license number.
- 2) Report transient rentals which are disobeying HOA rules in non-vacation rental complexes.
- 3) Cross check VRBO and Homeaway listings with the County Tax rolls to ensure they are listed as "Hotel-Resort" and paying the highest tax rate.

There are many ways to make sure that owners are claiming their income, paying their GE and TA taxes, sending 1099's to their workers, without lining the pockets of undeserving real estate people.

Thank you,

Meredith G. Johnson

[akamumra@aol.com](mailto:akamumra@aol.com)

850-626-7873

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Cynthia Richardson  
Organization: Individual  
E-mail: [cyntravel@yahoo.com](mailto:cyntravel@yahoo.com)  
Submitted on: 2/23/2012

Comments:

I am writing in opposition to SB 2089

Support Testimony based on Fallacy

I read through the testimony of your last hearing. Real Estate and Property Management groups say that so much more will be collected in taxes with this legislation. This is a self-serving fallacy that has no basis in fact. There is no evidence that great hordes of vacation rental owners are not paying their taxes. An audit showed otherwise and in fact, what is more likely to happen with this ill-conceived bill is that property values would fall with a great many more condos on the market due to individual owners not being able to afford to keep them. This would reduce assessment value, the market prices being lower now, and thereby property taxes would continue their decreasing spiral. In addition those many, many owner rented vacation properties would not be in business - forced to sell - so those taxes would not be there to collect.

Rights to use of Property:

I hope you are very carefully reading the testimony that is in opposition. You propose to take away rights to the use of property for a segment of citizens and exempt others, all because of an inadequate structure for assuring taxes are collected on short term vacation rentals.

Payment of taxes:

Many, many owners of short term vacation rentals, like ourselves, pay our taxes on our rental income completely. We have been doing so for years. Why would legislators want to take away our property rights and penalize us for doing the right thing?

Problem of Realtor Management:

Since we started short term rentals in 2002 we have tried several agencies for the management and rental of our property. It has only been since I have managed the rental end of the business that we have had any success at obtaining rentals. I put a great deal of time and care into that, which is not/ and would not be the case of an agency managing numerous properties. Of course we have an on-island agent to manage the daily care of our unit and respond to any problems that may occur.

Time to Sell:

Even with our moderate success in obtaining rentals, we do not cover the costs of the property through the rental income. If we were to lose 20 -40% of that income to a Realtor, we would not be able to keep the property. Our negative cash flow for the property would be just too great. If you are going to boost

the real estate and hotel industries in this manner, please give us a few years before it is implemented so that we can find a buyer for our property.

#### The Purpose of this Proposed Legislation:

It seems if the problem you are trying to solve is getting the proper taxes paid, there should be a way directed at enforcing the laws that exist. If the purpose is to support the strong lobby for hotels and realtors, maybe you've found the way to take the individual short term vacation renters out of the market.

#### Horror Stories

There are Horror Stories on both sides of this issue. You are hearing about Property Management groups that go out of business, take their money and run. You are hearing about individual owners who don't have responsible on-island agents near their property to care for emergency situations. Both of these are the extremes. In fact Property Management groups are losing business because they charge too much to owners, forcing rental prices higher and do not give the personal attention that the one-owner rental can. In fact the State of Hawaii gets vast amounts of money from individual owners renting their condos and following the law. For those owners not following the law, both resident and non-resident, that is the problem to be addressed.

Thank you for the opportunity for Testimony.  
Cynthia Richardson

Committee Chairman Baker and Committee Members:

Please **OPPOSE 2089**

- This bill is discriminatory against non-residents. There is **no data that indicates that non-resident owners are more likely to circumvent taxes than resident owners.** Indeed, resident owners are on island and can more easily handle cash transactions, which are less likely to be reported. Most non-residents deal in credit card transactions; credit card merchant companies **are required** to report payment processing amounts to taxing authorities under IRS regulations.
- **If a vacation rental owner is not paying their taxes now, requiring them to use a real estate broker or sales agent is not going to incent them to pay the taxes. Detection by authorities, enforcement and penalties is what is needed.** SB 2089 will only penalize those who are already paying taxes. This bill will not increase TA and GE tax reporting.
- This bill forces owners to utilize a sales agent or broker, who charges a fee. Please listen to the testimony you will receive that this additional fee is the difference that **will force many owners to sell their rental property, further pressuring down Hawaii's already depressed real estate market.**
- Many people **prefer to rent directly from homeowners over a property manager,** thus the popularity of these rentals. Hawaii already competes for vacationers' travel dollars; it has among the highest combined excise and lodging tax rates (13.42%) in the United States and the cost of travel create significant competitive disadvantages. Eliminating this popular part of the market adds yet another disadvantage. We need to find ways to attract people to Hawaii, not turn them away.
- 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. Create methods of more policing; HB1707 will only penalize those who are already paying taxes.

Please consider the long term repercussions of this bill by thinking "Who benefits?" This bill does not provide the State a method to improve the receipt of their TA and GE tax reporting; it will only drive those who are not reporting underground.

Require rental by owners to include their tax id number in advertisements if that provides an easy way for identifying tax payers.

Thank you.

Amy Siroky



Honorable Donna Mercado Kim  
Chair, Senate Committee on Tourism  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Regarding SB No. 2089 and preceding

Dear Madam:

I am in the process of purchasing a condominium unit in Hawaii with the expressed purpose of renting the unit for short-term vacation rental. It is properly zoned and permitted currently. I intend to do so without the involvement of a Real Estate Agent as my property manager, and intend to rent 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 collect and remit the taxes.

I am not in favor of having Real Estate Agents or Sales-people expanding a role for themselves as the body in charge of this remittance or of being to sole source representative for property owners. I know that the internet has made it possible for people like me to manage from off-island. I suggest that instead of trying to protect the way it used to be done, that this special interest group find a way to add value in the new economy. Make it so I want to do business with you; don't attempt to make it so I have to do business with you.

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. This is the 3<sup>rd</sup> similar bill that is currently on the books: HB 1707, HB 2078 and this one.

My argument is that people like me can do a very good job of renting because we have only 1 place to rent and have a significant interest in making our guests stay very enjoyable so they will want to return to the island and return to stay with us. Further, for most people like me, the place is not just a vacation rental but a personal vacation destination and a potential retirement location. I have a significant vested interest in keeping the unit in great shape if for no other reason than my own enjoyment of the unit.

I hope that you consider this reasoning in your decision making for this amendment and vote no.

Thank you.

Sincerely

*David C Arthur*

David Arthur, P.Eng.  
Potential new property owner in Hawaii

This is a \$700 per year average increase in taxes I paid, a 53% increase by using VRBO instead of an agent!

The Hawaiian island economy is very dependent on tourism. Don't shoot yourself in the foot, trying to appease real estate and property managers. You want more tourists, staying longer, spending more money. You will not be doing this raising the cost of accommodations so that the tax rate will apply to more expensive lodgings, and by making it harder for visitors to select accommodations which best fit them. Obviously, this will only benefit one segment of the industry.

If there is a problem with owners not paying taxes, address that issue. This is not the way to do it.

Sincerely,

Dave & Carol Bosworth

We have owned and operated our condo on Maui for almost 6 years and take great pride in maintaining our unit to a very high standard and rely heavily on favorable guest reviews and repeat guests. We diligently collect and remit taxes from all our guests and would be happy to provide our tax id # for verification of this. We have several emergency on Island contacts in case of emergencies and we ourselves can be reached 24 hours a day 7 days a week. In discussions with other owners who have used management companies in the past we have heard a lot of complaints about many issues. We are operating a business and spend a great deal of time responding to inquiries, updating calendars, arranging cleaning, repairs, maintenance, talking with guests as well as constantly getting updates to our unit done. We have had nothing but positive feedback from all our guests ( see guest reviews on 2 of our websites) If we had to have an on Island mgmt company to collect and remit the taxes(which is already happening) we would not be able to afford this venture anymore(outrigger on our property charges a 45% commission). Any business faced with giving up almost half of gross earnings could not possibly survive. The people who aren't paying taxes will continue to do so and will just find another way. We would propose that non-resident owners provide their tax id on websites advertizing their properties so the state knows who is and who isn't collecting and remitting taxes.Aloha & Mahalo

Marta & Stuart

[www.mauipalms703.com](http://www.mauipalms703.com)

[www.vrbo.com/241808](http://www.vrbo.com/241808)

[http://www.tripadvisor.com/VacationRentalReview-q609129-d2023908-Aloha\\_Luxurious\\_Palms\\_at\\_Wailea\\_703\\_2\\_bed\\_2\\_bath-Wailea\\_Maui\\_Hawaii.html](http://www.tripadvisor.com/VacationRentalReview-q609129-d2023908-Aloha_Luxurious_Palms_at_Wailea_703_2_bed_2_bath-Wailea_Maui_Hawaii.html)

1-866-933-2337 (toll free Mon-Sat 9-5:30 Pacific time)

604-308-9100 (cell anytime)

February 24, 2012

Re: SB 2089

Aloha Senators,

As a legally licensed, taxpaying owner of a vacation rental in Waikiki I urge you to vote against SB 2089. This is a very poorly crafted and poorly thought out bill that should not be supported for the following reasons:

1) The intent of the bill is to collect Transient Accommodations and General Excise taxes from unlicensed vacation rentals. It will not have the intended effect and in fact will accomplish just the opposite. Transient Vacation Rentals on the island of Oahu are required to have a TVU permit. These permits have not been issued since sometime in the late 1980's. Requiring an illegal rental to operate through an agent will not work because the agent will not jeopardize his license by accepting an illegally run business. The rental will continue to operate illegally or shut down. The state does not gain any additional revenue.

2) Licensed rentals such as myself will be required to use the services of a real estate agent as well. The agents charge between 25%-50% for their services. This will make operating my rental unprofitable and cause me to shut down as well. This removes this source of revenue entirely and again the government gains nothing.

3) The visitors that the vacation rental industry brings to the islands will have fewer choices of accommodations and many will choose to go elsewhere. Again the government loses any revenue that these visitors would have brought to the islands.

4) Historically the real estate agents obtain a much lower occupancy rate than the private owners. In my case, I had an agent operating my rental at first and saw a 20% occupancy. Since I've been operating it myself, the occupancy rate exceeds 70%. Using an agent will reduce occupancy and once again the government gains nothing.

5) There has been no proof offered that the illegal rentals are not paying the appropriate TAT and GE taxes. I know personally that most do because the penalties for tax evasion are much more severe than the penalties for operating an illegal rental.

6) Requiring vacation rental owners to utilize the services of a real estate agent amounts to an unfunded government mandate on the private sector. This mandate eliminates our rights to operate a business as allowed by the law because it is "believed" that there are others who are operating illegally. Granted, there are illegal rentals out there but there has been no proof that these rentals are not paying the appropriate taxes.

I've spoke to several other owners such as myself and we are all in agreement that this bill would shut us down and result in lower revenues to the government.

Mahalo for your time,  
Michael J. Marion  
[www.vrbo.com/85194](http://www.vrbo.com/85194)

We are owners of a condo in Princeville, Kauai, Hawaii, and we are proud self-managers of this property. We market our property on VRBO and HomeAway, and we cannot afford the 25-40% fees charged by realtor/property managers. If we were to pass-on these fees to our guests, no one could afford to come to Hawaii. The professional managers (realtors) we had a few years ago did a poor job, and their fees were not earned. We are legally licensed with the state, we pay our GET and TAT taxes promptly on schedule, and we have a great team consisting of a resident manager, cleaning company, and resident handyman to insure our condo is ready and in perfect condition for each and every guest.

With the real estate market in Hawaii taking such a nose-dive, our property has been for sale for over 2 years. We are upside-down on this property, and passing this bill may force us in a position that we can no longer afford to maintain... We might be forced to throw up our hands and just "give up" this property. We won't be the only ones. That would not be good for the state of Hawaii.

**Since 2006, we have paid the state of Hawaii over \$15,000 (GET \$5147, TAT \$9760, plus licensing fees). If SB 2089 is passed, our business will not survive, and the state of Hawaii can expect no future bookings from our one condo and a major decline in tourism.**

Respectfully,

Lynne and Dennis Parker

Hawaii should reconsider passing SB 2089 because it will harm tourism in Hawaii and reduce the amount of TAT received by the counties.

I have been the owner of a vacation rental in Princeville, Kauai, since 1995. I have always religiously paid my Transient Accommodation Tax and General Excise, and in fact overpaid the last time and was refunded. If SB 2089 passes, you will receive no more TAT from me because I plan to either remove my property from the vacation rental market entirely, or vacation-rent for periods of 31-60 days. I have received several inquiries from snow-birds (of the Canadian variety) asking about 1-2 month rental, so this is a viable option. I will never go back to using a rental management company. I tried several before managing the rentals myself. They all take a high commission and do very little.

I believe many owners of vacation rentals will do as I plan to do, removing vacation rentals from the market. This will harm tourism, and reduce TAT income for Hawaii.

Kathy Chamberlain

202-262-3836

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Claudia Snyder  
Organization: Individual  
E-mail: [cocacola@diveboat.net](mailto:cocacola@diveboat.net)  
Submitted on: 2/24/2012

Comments:

If the rental management companies did a good job, people would flock to them. The reason owners like myself choose to do our own advertising is because the rental companies did a horrible job, and have steadily lost their customers. It has nothing to do with GET and TAT, I have paid those taxes for years. Forcing me to use a property managing company to rent my own property would merely legislate that I am forced to use (and pay a high price) for bad service. It would either reduce my rental income by about 1/3 (I could not afford to keep my condo) or raise my prices by 1/3 (and no one would stay in my condo) to pay for the bad service property managers provide. This is bad law. I support going after and collecting the taxes due from those who violate the law and do not pay their taxes, but I do pay my taxes and can not afford to give 1/3 of my rents to a property manager or price myself out of the market. This legislation rewards those property managers that have lost their customers by providing bad service, and forcing people to use their service. It will have an adverse affect on values that are already depressed, and raise the price of tourism which is already suffering. Go after tax cheats, not struggling owners that are paying taxes.  
Thank you.

I am opposed to SB2089. The State of Hawaii already makes more off my investment in transient taxes that I make from the rental. Adding more cost will for a manager will put me over the top. Besides I have never met a property manager worth a hill of beans. You want me to trust my investment to a complete stranger? Nobody cares for my property or my guuests more than me and nobody is going to do a better job managing it. I have been doing it for over 14 years and you have got every dime of your tax and I have only had one unhappy guest, and she was just plain nuts. Stop this nonsense, I can't stand any more meaningless regulation!



Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: M. Alderman

Organization: West Hawaii Property Services, Inc.

E-mail: [moddielv@aol.com](mailto:moddielv@aol.com)

Submitted on: 2/26/2012

Comments:

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Robert Humiston

Organization: Humiston and Company, CPA's

E-mail: [bob@humistonandcompany.com](mailto:bob@humistonandcompany.com)

Submitted on: 2/25/2012

Comments:

This bill is not the answer to collecting taxes. You have audit rights already in place to deal with tax cheaters. Lining the pockets of realtors will benefit a small amount of people but will harm a majority.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: Paul Shields

Organization: Sunshine & Rainbows LLC

E-mail: [paul@SunshineRainbows.com](mailto:paul@SunshineRainbows.com)

Submitted on: 2/26/2012

Comments:

Points Below:

1) SB-2089 is illegal per Hawaii State laws. A realtor will be in violation for representing illegal rentals. This bill conflicts with a current law.

Per testimony by Rico.

It is unconstitutional . Send letter from attorney

2) The tax board can follow the process used in 2007 by the past tax board which did an audit. They can hire consultants and research through ads. Do not take it out on the majority that pay their taxes. The State will lose more than they gain.

3) This bill is being requested by a small group of realtors/booking agents who have a vested interest! If this bill passes the state has been used as a tool to create a monopoly. There will be price control and it cuts off free enterprise. Many owners will close, sell or even go into foreclosure

4) Agents charge 40-50% commission. We cannot afford to pay our mortgages if we sign up with agents. We have local managers to take care of all maintenance problems, we pay our taxes, we generate revenue in the communities, the condos we own have 24/7 managers and security.

5) The agents who will financially gain from this bill have said the State is losing millions. They do not have the qualifications to discuss numbers as serious as tax money.

RE: Supporting SB 2089 relating to transient vacation rentals

The issues relating to Rentals by Owners are rising daily. Many are relating to tax, but the ones that concern me the most are related to guest experience. I own a small vacation rental company at Waikoloa Beach Resort and am very involved in the day to day activities. It is getting to a point where there are almost more vacation rentals with illegal activities in some form or another than there are legal ones in the entire resort. On a daily basis I see guests getting cut short due to renting directly from owners. Although I do see where this bill will gain the State of Hawaii more tax dollars, the basis of my testimony is more on the side of making sure guests are taken care of while they are here.

Given how far Hawaii is from the mainland, I think it is safe to say that everyone needs someone "on island" to assist guests at their property. I manage just over 30 properties and get 5-10 calls daily with guests needing assistance. It can range from a leak to something as simple as they can not get the tv to work. 75% of the time it requires me to go to their property and assist them.

I see and get calls frequently from guests that rent from owners and are not being taken care of while they are here in Hawaii. I have seen guests show up and their condo be dirty with them only having a mainland contact number and getting no answer. I have seen guests show up and there be someone in the condo they rented and, once again, them getting no answer from their mainland contact number. The most common is them showing up and the lock box being jammed or no key in the box and once again not getting an answer late at night.

The list can go on of things I have seen. The frustrating part for guests is that in our industry the rent is paid up to 90 days prior to arrival. When these guests arrive and have issues there is absolutely no leverage since the owner already has the money. They end up having to stay in a hotel for the night and deal with the owner the next morning....if there is an answer. What a start to a vacation!

Relating to taxes there are many illegal avenues being opened up by the rise of the Rentals by Owner. Many owners are no longer just marketing their own properties, but also marketing for other owners. All the funds are being handled on the mainland so it is hard for the State of Hawaii to track that this is even going on. Obviously this is taking money that legal Hawaii businesses would be paying taxes on and putting it in the hands of people out of state. In these instances they are using housekeepers to actually manage the properties. In the end if something is not accomplished you will continue to see a rise in not only Rentals by Owners but also Rental by Owner businesses and a fall of legal Hawaii businesses. This will cost the State of Hawaii millions in tax dollars.

Rob Dalton Waikoloa Vacation Rental Mgmt. 808-987-4519 [WaikoloaVRM@aol.com](mailto:WaikoloaVRM@aol.com)  
[www.WaikoloaVacationRentals.com](http://www.WaikoloaVacationRentals.com)

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Rob Stephens  
Organization: HotSpot Tax Services  
E-mail: [rob@hotspottax.com](mailto:rob@hotspottax.com)  
Submitted on: 2/27/2012

Comments:

I am the co-founder of HotSpot Tax Services. We provide a tax compliance solution for vacation rental property managers and property owners. Most of our customers are 'rent by owner'.

We file GE and TAT for hundreds and hundreds of vacation rentals. In 2011 alone we remitted approximately \$1.0 million of tax to the Hawaii Dept of Taxation on behalf of our customers. Many existing vacation rentals owners are fully compliant with the tax rules and should not be punished by the proposed legislation.

If Hawaii believes there is a compliance problem with vacation rentals this proposed legislation will not solve the problem. The proposed legislation will simply place an additional requirement and barrier to vacation rental owners that want to be tax compliant. In fact, it may create an incentive for certain owners to not be tax compliant at all, versus use the more expensive services of a property manager.

If Hawaii believes vacation rental owners are not tax compliant, the state should focus on enforcement efforts by the Department of Taxation and not this burdensome legislation. Many tax jurisdictions across the U.S. now have similar challenges and have developed specific rules and enforcement procedures targeting vacation rentals, because they are now so popular. In fact, specific, cost-effective software programs have been developed and are in use to automate the process of identifying non-compliant vacation rentals (See Colorado Association of Ski Towns). Enforcement procedures, which are common in other resort locations, are a better tool and solution to a non-compliance problem.

We would be happy to provide insight into tools and procedures that other tax jurisdictions employ to ensure vacation rentals are properly collecting and remitting taxes. Enforcement of the current tax laws is a better approach. The proposed legislation is burdensome, not a fair approach, and will likely not result in greater tax collections.

Regards,  
Rob Stephens  
HotSpot Tax Services

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: JOHN HENDERSIN

Organization: LAW OFFICES OF JOHN P. HENDERSON

E-mail: [jphend@comcast.net](mailto:jphend@comcast.net)

Submitted on: 2/23/2012

Comments:

AS DRAFTED THE BILL, IF ENACTED, WOULD VIOLATE THE DUE PROCESS, EQUAL PROTECTION AND COMMERCE CLAUSES OF THE U.S. CONSTITUTION.

Testimony for CPN 2/28/2012 10:00:00 AM SB2089

Conference room: 229

Testifier position: Oppose

Testifier will be present: No

Submitted by: David & Sophie Moore

Organization: Makana Mai Ka Lani

E-mail: [Makanamaikalani@hibroad.com](mailto:Makanamaikalani@hibroad.com)

Submitted on: 2/23/2012

Comments:

Totally oppose this bill or any that abridges the rights of property owner be they resident or on resident.

State should look to existing laws if collection of GE/TAT is the issue.

A licensed RE professional will not offer the high level of service that an engaged owner will. These bills will be detrimental to the Hawaii tourist industry and the local real estate market as investors abandon Hawaii for more owner friendly areas. Kill this bill.

Aloha Senators,

I am writing to urge you to vote NO on SB2089 which is coming before you this coming week. I have attached a document which includes the names and comments of people who signed a petition this past week to stop these bills. Since most likely most of you will not see the petition or read the comments attached to it, I have taken the time to format them and forward them to you in as readable a document as I could make, given the short notice. I have also sent it to you as a 2003 Word document in case you don't have the latest version and cannot open the .docx one.

These comments were all attached to a petition that received over 750 signatures in less than two days. Most of the people who signed had no idea that these bills were being considered. Given more time, we could submit much more testimony and evidence of the very strong feelings against these bills. You will note as well when you view the document that many of those commenting are Hawaii residents.

Please take the time to read people's comments. There are some very real consequences of these bills that you don't seem to be taking into consideration. We also have created a forum in which we have discussed ideas to help the government collect the lost taxes. One that came up today was to have the requirement that on all VRBO or HomeAway websites the non-resident and resident owners post their HI State Tax ID#. It might even be possible to gain cooperation from HomeAway and VRBO to supply lists of these to the state tax collector as it would be in their best interests to keep the Hawaiian business, which they will undoubtedly lose if these bills pass. Alternately, people could submit annual statements indicating that they have paid their taxes.

From our investigations and calls to the offices of various representatives, including Rep. Carol Evans, we also discovered that there is no hard supporting data about how many people are evading their taxes (if in fact, that is really what these bills are about). How can you pass a law that effects not only so many small business people, but the tourist industry as a whole, without doing your due diligence? It is irresponsible and not good government.

In my opinion, a committee should be formed to both investigate this issue and to come up with solutions. This committee should not include people with vested interests in the outcome (such as rental management companies). It has been the opinion, as you will see of many of the commentators that the thrust behind these ill-conceived bills is not, in fact, to do with collecting taxes but is an attempt at a financial grab by the rental management agencies who are being hurt by individual owners renting their condos/homes. That these companies are using both fear tactics to convince you, the public representatives, that the state is losing hundreds of thousands of dollars annually with no really extensive evidence to back it up when in fact, their goal is to gain all of the rental business for their companies. If this is truly the case, you as governmental officials are being conned by inaccurate data in order to provide business for one segment of the population at the expense of another. This does not seem to be the way we claim to do business in America. I urge you to slow down and take the time to consider what is really at stake and going on here.



I also urge you to read the attached document which is only 33 pages long and broken into very short segments of each person's comments. It is likely that a new petition specifically related to SB2089 will be created and you may receive comments and individual emails from that. I hope you will take the voice of the people into consideration. Not all are your current constituents, but many like myself intend to be at some point.

Mahalo for your time and your commitment to making Hawaii a prosperous state!

Marsha Vaughn  
Condo Owner - Kihei, HI

Want to vacation in Maui? See <http://www.vrbo.com/286378>

Take time to laugh. It is the music of the soul.

Carol Walters Yuba City CA 95993 United States 2/22/2012 To fight discrimination against owners of vacation rentals in Hawaii.

Lance Henry Richmond CA 94805 United States 2012-2-22 People have always had a right somewhere to own property and manage and rent it out independantly. that right should not be taken away from anyone!

Gene Phipps "Kailua-Kona, HI 96740 United States 2/22/2012 We are already paying too much GET and TAT and now they want to screw the goose that is laying the golden egg.

joanbettencourt moraga CA 94556 United States 2012-2-22 "I own a vacation home on Kauai and frequently allow others to enjoy my home. This bill is unfair to those of us who have bought in VDA locations and pay our taxes. If this bill passes you will have a flood of vacation homes on the market, prices will plummet (mine have already devalued 50%)and if you think the state has revenue problems now, just wait."

Eric Sanford Paia HI 96779 United States 2/22/2012 No more government interference! This is totally unnecessary and will mean much higher costs for vital visitors.

Lisa Baskin Los Angeles CA 90034 United States 2012-2-22 I can not afford to pay a real estate broker or salesperson to manage my property. I pay all GE and TAT taxes to the state of Hawaii and should not be forced to pay someone to manage my own property. I might be forced to sell if this bill passes!

Beverly Moodie Hilo HI 96720 United States 2/22/2012 I built my vaction rental when my husband passed away and I was left with only social security and a very small pension. My vacation rental gives me the added income necessary for me to hold on to my property and pay my bills. This bill would negatively impact my life in a big way.

Dan Fong Kihei HI 96753 United States 2012-2-22 "Please pursue non-compliant transient tax collectors another way without making honest tax reporters pay for them. 13.42% tax already collected on every transient rental dollar. Add this proposed 25+% realtor commission and then rentals

becomes nearly impossible to rent. When that happens, the State of Hawaii won't even get the current 13.42% when renters stop renting. "

Gene Phipps "Kailua-Kona, HI 96740 United States 2/22/2012 "We are already paying our GET and TAT and property taxes, Association Fees, utilities taxes, communication and cable taxes, etc. and our guests are paying taxes on everything they buy here. Hawaii government thinks the way to balance the budget is on the backs of the vacation rental owners. Another squeeze on the vacation rental owner. "

Amy Siroky Arroyo Grande CA 93420 United States 2012-2-22 "this bill is discriminatory, no documentation has shown that non-residents do not pay their taxes, and will have bad fiscal consequences for the State of Hawaii."

Claudia Terry Walnut Creek CA 94595 United States 2/22/2012 My sister is a condo owner on Maui. She pays all her taxes.

john eckel simsbury CT 6070 United States 2012-2-22 "This bill ignores property rights and revokes freedom of choice. It will be devastating to Hawaii's best ambassadors - those property owners who live off-island and rent their property to others. The bill is based on false and misleading information provided by individuals and organizations with a vested interest in seeing this law inacted. They charge as much as 40% of the rental income now, and they do not even have a monopoly. Just think what they will do if this bill ever passes. For many property owners, this will be the straw that breaks the camel's back and they will be forced to sell. Please think about what that will do to property values and property taxes. In America, we value rights and freedom of choice. Please do not let Hawaii take these rights away.

bill murphy Whitewater CO 81527 United States 2/22/2012 "I own rental property that rents 95% through VRBO and Homeaway. My renters want to deal with the homeowner not a realtor or booking agent. If Hawaii takes away that choice I believe most of them will select other destinations. Hawaii may be popular, but there many, many tropical destinations to choose from. Just check out how many owners are using online services. The world is different now, don't try and take it back to the dark ages."

John Leonardo Kailua-Kona HI 96740 United States 2012-2-22 This is an outrageous grab for control of the vacation rental market by the licensed realtors lobby. I manage my property just fine and pay my TA and Exercise taxes religiously. What possible economic justification is there for forcing me to give realtors a percentage off the top of my weekly rates.

Shane McWhorter Eureka CA 95503 United States 2/22/2012 Typical government. We pay all taxes required. Another boondoggle if this passes.

Garey-Lea Smith Princeville HI 96722 United States 2012-2-22 Have friends who own vacation rentals who would be penalized by this.

Jodi Maples Greenwood Village CO 80111 United States 2/22/2012 "I'm signing because we LOVE our condo & our family time on Maui, and this bill will single-handedly destroy the tourism industry of Hawaii, which will then destroy our ability to rent our condo, which helps us pay expenses to have it in the first place. DON'T PENALIZE THE LAW-ABIDING, TAX-PAYING OWNERS...ENFORCE CURRENTS LAWS & CHASE DOWN THE LOSERS WHO EVADE."

Eva Baskin St. JohnVI 831 United States 2012-2-22 "This is very unfair. Owners are as or more capable of managing their property. Why force rentals through an agent who charges a large percentage, unnecessarily? It should be optional, not required."

Grant Oepkes Carlsbad CA 92011 United States 2/22/2012 "I am a licensed real estate agent in the state of Hawaii. I manager my own vacation rentals as well as rentals owned by others. As an individual, this legeslation could potentially bring me a few more accounts. However, when one looks at the Big Picture, this legislation will dramatically hurt the entire Hawaii tourism and real estate economies for these reasons:

1. It allows more government intrusion into the financial investments of individuals.
2. Forcing owners to only rent throught agents will drive up rental ratess.
3. Many new buyers considering a second home or income property will not purchase one, since they will not be permitted to self manage. They will invest in other markets.
4. Since there will be fewer buyers, real estate prices will fall.
5. Falling real estate prices will result in more negative equity.
6. Falling prices will also result in more foreclosures. I can think of many more reasons for this legislation to fail, however these reasons are incontestable and easy to see."

Lisa Steele Olympia WA 98502 United States 2012-2-22 "There are already laws in place requiring owners of vacation rentals to pay GE and TA taxes. As owners of vacation rentals, we already pay our taxes. We also already have business licenses from the state of Hawaii. Why would it be necessary to pay a real estate broker or authorized salesperson, 25% or more of our rentals to do what is already being done??? If this bill becomes law, many of us will be forced to sell our properties on an already depressed housing market. There will be fewer rentals available, rates will increase, and tourists just might decide to vacation elsewhere. The bill is also discriminatory against nonresident owners. Though we may not live on Hawaii, we take as much pride in offering our properties for rent as nonresidents would. Why should we be penalized just because of our address?"

Barry Wright Honolulu HI 96816 United States 2/22/2012 We have 2 vacation rentals on Molokai

Tim Duchene Wailea HI 96753 United States 2012-2-22 I oppose HB 1707 and I pay my GE/TA taxes. A large amount of the revenue I collect goes back into the local community where I have my vacation rental.

Robin Bayless Oklahoma City OK 73116 United States 2/22/2012 This is just a money grab by Hawaiian politicians on behalf of their local donors. I already pay plenty of tax on my condo. I don't need to pay any extra or submit to any more governmental intervention.

daghild Rick Keaau HI 96749 United States 2012-2-22 " when one looks at the Big Picture, this legislation will dramatically hurt the entire Hawaii tourism and real estate economies for these reasons: 1. It allows more government intrusion into the financial investments of individuals. 2. Forcing owners to only rent throught agents will drive up rental rates. 3. Many new buyers considering a second home or income property will not purchase one, since they will not be permitted to self manage. They will invest in other markets. 4. Since there will be fewer buyers, real estate prices will fall. 5. Falling real estate prices will result in more negative equity. 6. Falling prices will also result in more foreclosures. I can think of many more reasons for this legislation to fail, however these reasons are incontestable and easy to see."

David Mackwell pUKALANI HI 96768 United States 2/22/2012 "This legislation smells like a payoff to the realestate industry who do a poor job of renting condos. Owners will net less than half of rental fees. There will be a resulting reduction in property valuations and property tax revenues."

Barbara Fessler LahainaHI 98781 United States 2012-2-22 I have been renting out my condo for over 20 years and a broker has never been any good for me. I resent having to pay a broker for nothing. They are completely useless.

Stephen Oriold Chalfont PA 18914 United States 2/22/2012 "We rent from a mainland condo owner. As with everything else, when costs are applied at the top they filter down to the bottom dwellers. I'm afraid this legislation will end up causing the brunt of the costs to the renter. We are return renters for many years. This proposal would deter us and other renters from future trips to Hawaii."

Fred Haines Boise ID 83709 United States 2012-2-22 "I was born and raised in Honolulu. I purchased my home in 1984 and then moved to Idaho to be with my wife and daughter. I rented out my home for 8 years to local residents, at which time the house was a tear down. So I had to invest a lot of money to restore my home. At which time we started renting as a vacation rental. This way we can stay in the home 2 weeks a year to do maintenance and keep up our house. I hope to be able to retire in my house, but with the passing of this bill, we would be forced to sell. We pay our GE and TA taxes every month, unlike several Hawaii residents that are not. These vacation rentals allow families from all over the world to have a unique Hawaiian experience staying in traditional Hawaiian homes. "

Patti Ruiz Kailua Kona HI 96740 United States 2/22/2012 "This bill absolutely discriminates against individual owners. I live on the same island as my villa that I rent out and the on-site rental agency at our complex charges in excess of 60% of the rents collected, have exhibited negligence in maintaining the properties with owners coming in and finding bathrooms full of mold and countless other problems due to their mismanagement. With the small amount of rent the owners receive makes it impossible to meet our mortgages and other expenses. This is why so many of the owners have removed their villas from rental agencies and are managing them via HomeAway.com, etc. If I were not allowed to rent my villa the way that I do now I would most certainly have to foreclose or short sale it because I've already tried selling it but the units are currently selling for about half of what we paid for them originally. I cannot afford a property manager. This bill will ruin my good credit and will unfairly impact each and every one of us who work very hard to rent our condos pay the appropriate TAT & GE tax and try to make ends meet. We have NEVER made a profit doing this " it's a situation we found ourselves in with no other sensible way out but through websites such as HomeAway. This bill will do a lot of harm and put money into other people's pockets. What is the reasoning behind this bill? I know that Hawaii's Hotels are complaining about all the condos that the tourists are opting for instead and they are losing business. This doesn't smell right or else the people behind this are terribly misinformed with what they are proposing."

Marilyn Leland Anchorage AK 99503 United States 2012-2-22 "A friend and I own a condo in Maui and we handle the management ourselves. We always pay our taxes in full and on time. If this is about collecting taxes from people breaking the law, please work on improving enforcement, not punishing the non-resident owners who are obeying the law."

Larry Levine LahainaHI 92678 United States 2/22/2012 "This bill is completely unfair to property owners who have been renting their vacation homes and paying Transient Taxes to the state of Hawaii. The only people it will benefit are the Hawaiian Realtors, to the detriment of all Hawaii vacation property owners. "

Dianne Higgins Paauilo HI 96776 United States 2012-2-22 This Bill is unfair to those already paying their GE and TA taxes. Why single out people who already pay their taxes and who

already have someone available to manage their property. What about those who rent out on a long term basis? This Bill is discriminatory and should not be passed!

Mary Campbell Lihue HI 96766 United States 2/22/2012 Property Managers already charge 10% for long term and 50% for vacation rental management. This bill would allow them to charge any rate they want. If I had to pay that I would lose my property. I am upside down in my loan and do not have the option of selling. Hawaii does not need any more foreclosures which would further undermine the property values.

gary penir Kailua-Kona HI 96740 United States 2012-2-22 This would have a negative impact on the number of vacationers (fewer) who can barely afford to travel to Hawaii for a vacation. It would also weaken an already weak real estate market in the long run. This only increases revenue for the real estate agents and causes added paperwork for everyone.....bad business. It seems to me that VRBO and other similar sites offer a great service to both owners and travelers.

Roy LeBlanc Eagle River AK 99577 United States 2/22/2012 "There are many reasons why this bill is bad for HI as well as property owners. One which many probably don't think about is all the lost advertising nation wide and probably world wide that will be lost. Most out of state owners advertise their rentals in their local area, this generates business for Hawaii as a whole not just the rental owners. On island brokers will never match that level of exposure for Hawaii tourism. Bad Business-Bad Bill"

Sibylle DeCarlo Watertown MA 2472 United States 2012-2-22 "This Government Bill will cause SO MANY Financial challenges and CREATE more Chaos financially! Do not pass this bill. Folks looking for Real Estate are at liberty to use a realtor, rent from the landlord or make their own arrangements. This is the USA where we are fighting to protect our Democracy.

Gary Dier Alliance OH 44601 United States 2/22/2012 We have rental property in Hawaii. We are registered with the state and have always paid state taxes for this rental home. We manage the property quite well without having to have a management company perform this function as well as acting as a tax collector for the state. Only the state and these agents will benefit from this bill. It will cause many like myself to steer away from the Hawaii market and look elsewhere for rental income property. Bad initiative. Only benefits a few and discriminates against out of state owners in Hawaii. No other state precedent like this. It amazes me to no end how some people will come up with ideas of making money off other people's initiatives and money. Very un-American.

Edward White Aptos CA 95003 United States 2012-2-22 "This will create inefficiency in the process of renting my property, raise prices, reduce the number of visitors, reduce the GET and TAT taxes paid to the state and further reduce the value of my property. When the local real estate agents had no local buyers, they were happy to take my investment. Then the state declared that there would be no more transient vacation rentals in residential areas. Now the real estate agents have fewer buyers and want part of the return on my investment for providing a service that will not be as effective as my rental program and will reduce the income to me and the state of Hawaii. "

Robert Curran Los Angeles CA 90068 United States 2/22/2012 "This bill accomplished nothing, I know of no good reason to enact this law.

1. It only causes additional costs to renter.
2. It introduces a Middle-man to the rental process. That being the agent that will collect the rents.
3. Only a special interest will benefit from this law
4. The cost of rental real estate will increase as ownership of these properties will be less attractive.
5. There is no logical reason to cause a Licensed Real Estate employee to collect rents and forward the taxes to the state. there are already remedies in place at this time.

6. Owners are required to perform this duty and if they fail in their responsibilities

7. This appears to be a restraint of trade. Why are we being additionally restricted in the management of our own businesses?

Elizabeth Gemmell, Danville, CA, 94526, United States, 2012-02-22, This bill discriminates against individual owners who work hard managing their own properties. Mandating that owners use a broker and pay management fees in order to ensure that taxes are collected will only force owners to increase rent prices which can only have a negative impact on tourism in the State. I originally used a management company to rent out our condo and every year we lost money on the condo. This is my first year without a management company and this will be the first year I hope to turn a modest profit. (for which I will pay more taxes for doing!) Additionally the management company collected the GET/TAT but never paid it - that was still the responsibility of the individual owner. I submitted all the taxes myself while using a management company. It is the responsibility of every tax payer to do this already on a Federal and State level. Don't single out this one group of people (owners of Hawaiian vacation rentals). No-one will work harder at renting out units than owners themselves; this can only help increase tourism and keep the transient accommodation taxes coming in. What this bill is saying to the owners is "We" the government don't trust you to pay your taxes so we are going to have someone monitor you and make sure you do." Please find another way to ensure that taxes are collected.

Joan DeRoche Fort Myers FL 33908 United States 2012-2-22 "This bill will raise the rental prices, less tourists to Maui, and the owners will be not be able to keep their units rented. Some will be forced to sell and the pricing on second or income producing homes will drop. "

Karen Raymond Kihei HI 86753 United States 2/22/2012 "Complete discrimination against non resident owners. Tax evaders should be targeted NOT honest taxpaying citizens!"

gary spitz alamo CA 94507 United States 2012-2-22 "We own 2 condos in Kauai and pay our taxes. The bill will force alot of people to sell as the rates to manage will make rentals unprofitable or more unprofitable. Selling will bring down prices....foreclosures, short sales mean less property tax. And probably less buyers. Also would most likely mean more expense to renters causing even less demand. "

Andy Starkie Morro Bay CA 93442 United States 2/22/2012 "HB1707 takes away homeowners rights. Non-resident homeowners will be forced (mandated) to have their income go through a realtor and will no longer have control over their money. This is WRONG. This will be devastating for the state of Hawaii with more foreclosures, more homes on the market. This is not the answer! And it discriminates between residents and non-residents."

Sheryl Riddick Seattle WA 98115 United States 2012-2-22 "I have owned a condo on the Big Island for just 18 months. I have successfully rented it to many vacationers who greatly appreciated the low rates I am currently able to offer. I add on the GET and TAT taxes to all rentals and submit those taxes responsibly to the Hawaii State Treasury. I do have a key-holding property manager on the Island at a low and reasonable cost. If I must use a licensed realtor to manage my property, I expect to have to increase the rental rates and have a decreased number of reservations. I have had NO problems managing this property remotely. With modern technology, it is very easy to arrange for all kinds of issues to be handled promptly and efficiently. I can't imagine why this bill is being proposed since it can only hurt tourism. "

Dianne Smith Waianae HI 96792 United States 2/22/2012 "This will unfairly give real estate brokers a monopoly of an industry, and they will have price control. Vacation rental owners

pay their taxes, but even if they didn't, realtors should not be acting as the State's policemen. NO ON HB 1707!"

Don Raymond Kihei HI 86753 United States 2012-2-22 "Discriminatory against non resident home owners. Terrible for Hawaii's most important industry!

John Nisbet Upland CA 91786 United States 2/22/2012 This is a bad bill for Hawaii as well as us. Our bookings will drop and the taxes as well. We've tried this realtor thing for 15 years. Now we're doing three times better and three times the tax goes to Oahu.

Neal Halstead CalgaryAA T3H 3B1 United States 2012-2-22 "I agree with everything Grant Oepkes has stated. With this government mandated reallocation of resources from the people who have put up the capital to another group with no vested interest is a very anti-capitalist move. There is no reason to believe that the real estate industry which will be created by this bill will be any more honest or any more successful at collecting taxes than the current system - and likely will be less so. Forcing every non resident owner to register with the Hawaii state tax department would be a far more efficient method of tracking taxes"

Carolyn Duchene Aliso Viejo CA 92656 United States 2/22/2012 "Imposing these rules will ruin the rental and real estate market in Hawaii! Currently, owners are able to rent properties without huge fees, and keep prices at a reasonable level. Increased fees will have a negative impact on tourism, and an adverse effect on owners, resulting in more properties on the market, driving down real estate prices. We pay our taxes, and are satisfying our customers. Not only will this be detrimental to the real estate market - ownership and rental - it will also bring less revenue to the islands! Are there even enough realtors to manage the inventory that is currently being managed by owners... who... by the way... are the people who renters want to rent from!!! Stop 1707!!!!"

Karen Howard Redwood Shores CA 94065 United States 2012-2-22 "My husband and I always pay our GET/TAT taxes in full and on time. If the State of HI is trying to collect taxes from people not doing so, this law does not accomplish that goal. Instead, it punishes non-resident owners who are paying their taxes!

All this law would do is add costs to vacation rental units, thus decreasing overall tourism to the islands. Having real estate agents involved as ""middlemen""would add no value to the Hawaiian rental market just costs. Please be sensible and consider ways to enforce tax payment instead of penalizing law-abiding non residents and ruining Hawaiian tourism.

Nettie Cumpton Boise ID 83704 United States 2/22/2012 Its not a fair bill. It discriminates against individual owners. Nettie Cumpton

Marsha Vaughn Richmond CA 94804 United States 2012-2-22 "I barely break even with my one condo, which I love to rent and introduce people to Maui. I would be forced to take it off the market if this bill passes as there is no way I could afford the realtor fees on top of the 13.42% taxes, HOA, outrageous electrical bills, etc. This is a way for the realty management companies to drive out small business people, who form personal connections with their tenants and spread the aloha spirit in every transaction. I also, have paid my TA and GE taxes on time and regularly. If Hawaii is having difficulty tracking people who are not paying, the way to do that is NOT to penalize those of us who are doing a great job of supporting the economy."

Lorraine Sodaro "Indian Wells," CA 92210 United States 2/22/2012 Isn't there another way to be sure Hawaii gets its taxes paid. We have ALWAYS paid our taxes. Why should we have to now hire someone to take a cut? Just because others cheat is no reason to ruin it for all of us.

Michael Stewman Anchorage AK 99515 United States 2012-2-22 "I believe that renting out a condo should be between the property owner and the renter. Involvement of a third party will increase rental costs, which will hurt the property owner and the potential renter. I oppose this and believe it is discriminatory to transient property owners."

Steve Taylor Maui HI 96753 United States 2/22/2012 "This will hurt the recovering real estate market, Many foreigners and non residents will invest in property on the mainland. ie. Palm Springs etc."

James Leaverton Cottonwood CA 96022 United States 2012-2-22 "I wholeheartedly agree with Grant Oepkes. As a vacation home owner that has used licensed agents in the past have had nothing but trouble. They have done such things as not pay us and we have had to sue them to get our money. The second manager was using our home and pool for personal reasons. Also their maids would stay at our home when it was not rented with out our permission. 85% of bookings through these agencies were referrals from OUR web site, and we handled these transactions and had to pay them 20% commission and we collected the money, they never handles any of it. We have had 1 agency go broke with out paying and we were out of luck. Passing this bill will cause me to sell this home and not contribute to the Hawaii economy. The number of guests at our home averages 6-10 people a day that will no longer be contributing to the economy. Our monthly maintenance is 2000 a month for gardner, maids, poolman and we just spent 65 thousand on a inside remodel. As we have to every few yrs to update. And then there is the money my wife spends when we visit. Please do not pass this bill..."

Meera Kohler Anchorage AK 99516 United States 2/22/2012 "I purchased property on Maui primarily for my own enjoyment but rent it as a vacation rental to cover the enormous costs of owning property in Hawaii. After paying GET and TAT, property taxes, association dues, lease fees, utilities, housekeeping, on-island agent and maintenance, there is literally nothing left over. If I had a mortgage (which I don't) I would not be getting anything through vacation rentals to offset that cost. This is pure and simple a greedy move by the realtors to put us out of business so that they can profit more from their license. When we sell our properties because they are no longer sustainable, Hawaii will definitely suffer a deep double-dip recession!"

Gayle Mackey Kent WA 98031 United States 2012-2-22 This is very discriminatory against the individual vacation home owner. It Only benefits Major Rental Companies Not the ones that are struggling to do the right thing and now they are trying to slam the door on us and make it more difficult. If this passes more owners will default to the banks because we the owners cannot handle more expenses as we live by follow the laws now so this new act will go against The State of Hawaii in the End as it will cost them multil millions of dollars.. Leave us honorable Vacation Home Owners alone as our Rentals bring Major Revenues from Vacationers to the State of Hawaii.

Cindy McWhorter Eureka CA 95503 United States 2/22/2012 "We own rental property on the big island and pay GET/TA taxes as required. This bill would cause non-resident owners to incur a huge expense by using a booking agent which can charge as much as 40% of the rental cost. Please don't punish those of us who are law abiding. Rental costs would go up, rentals in general would decrease and that loss would not only affect the owners but the local businesses that reap the benefits of vacationers. "

Douglas Closson Richmond CA 94803 United States 2012-2-22 "My wife and I own a rental on the Big Island and already engage an agent. Much of the time our rental has been unrented because our property is not beach front. We have the latitude, today, to rent vacancy that our agency has not filled. As you can imagine, we do not get the bulk of the rentals as it is. Most years, with an agent, we have rented less than a month of days for the entire year. This year has been better, but we have control over the remaining open days and have the ability to try to book the gaps. The agency is



available for emergencies, but forcing us to do all bookings through the agency would further hurt what limited business we get.

Victor Leonov Wheeling IL 60090 United States 2/22/2012 "I wanted to raise my voice against proposed measure HB1707 as it is unconstitutional. It is discriminating owners based on their permanent residence. Mandating owners hiring third-party agents to rent their properties creates additional expenses for these owners since they have to pay commissions to the agents leading to reduced profit and making these owners less competitive comparing to the local owners who does not have to hire third party agents.

The measure will trigger a new wave of foreclosures in Hawaii driving already distressed real estate market down even more. Market will be distressed for a long time since mainland investors will be less willing to invest in Hawaii due to this measure.

I wanted to raise my voice against proposed measure HB1707 because it is working against clients' interest since it is reducing competition to hotels and rental property agencies which will lead to higher cost and lower quality of service for clients and tenants. It will especially impact low income clients who cannot afford to pay hotel rates which are higher due to excessive burden related to overblown upper management expenses. Lower income clients will lose an opportunity to have vacation in Hawaii since low-burden and lower cost vacation rental directly from owners provide the only opportunity for these clients to afford a vacation of their dream.

Many hotels were converted to the condotels and sold out to individual owners since these hotels could not survive due to a mismanagement and excessive and unneeded expenses related to the overblown salaries of unproductive upper management. Now these managers and owners, rather than improving efficiency and quality of the service, lobbying for this legislature to remove competition.

Joe Halligan Medford NJ 8055 United States 2012-2-22 "My wife and I have been running our vacation rental property for 14 years. It has taken us a long time to reach the point where we are actually making a profit from our rentals. We are both senior citizens who depend on this income. Like other owners we manage the property as professionally as any realtor would manage it. We pay our TA and Excise taxes faithfully. This bill is outrageous and could have a drastic effect on Hawaii's tourism. Because of the relatively low rental cost that owners are charging vacationers and because of such sites as VRBO and Home Away, Hawaii's tourism is very healthy. The vacation rental market would fall drastically as would Hawaii's tourism if the #HB 1707 is passed. Tourists in today's economy are struggling as it is to afford the air fare and search for the lowest vacation rental cost they can find in order to make a trip to Hawaii. Some people have been saving for years to make their dream come true, a trip to Hawaii. Or honeymooners who are trying to stretch their dollar as far as it can go in order to honeymoon in Hawaii. If this bill were to be passed, my wife and i no doubt would be forced to sell our vacation rental property that we had hoped to hold onto for years to come in order that when we die we can pass it onto our adult children to take over the business. Hawaii vacation rental owners are paying huge maintenance fees, and other expenses to keep our properties running. To squeeze us owners even more financially is simply running us out of business all for the benefit of realtor's pocketbooks. If this bill is passed, guaranteed it would have drastic consequences that none of us as vacation property owners should have to endure. "

Robert Perez Trabuco Canyon CA 92679 United States 2/22/2012 "Plain and simple: I have already invested thousands and thousands of dollars into your state's economy with the purchase of my vacation property by way of taxes, visits to your state from myself, family and people I have rented to. And I continue to. This is a huge government overreach to prop up the failing real estate market and lobby who are obviously not creative enough to invent new ways of their own boost the real

estate market. Instead, they'd rather force it out of the pockets of those who have paid arguably more into your state's economy than the average tourist. This is wrong."

Leah Coghlan Mandan ND 58554 United States 2012-2-22 "This will ruin Hawaii tourism, and there is no way this law would withstand a challenge in a court of law. This bill is a clearly unconstitutional burden on private property rights."

Troy Butts Coto de Caza CA 92679 United States 2/22/2012 "It is our property. We should be the ones who profit on the rental to offset maintenance fees when we can't use our property. Otherwise, we will have to sell it. This is not what we agreed to when we purchased the property. "

Deborah Brown Jonestown TX 78645 United States 2012-2-22 "This will greatly damage the vacation rental industry. I have been paying my taxes and marketing my property very well. No one will care for my property like I will. No one will do thier best to ensure my guests have what they expect in thier accomodations, like I will. I should not be penalized for having followed the law. The real estate and tourism markets in Hawaii cannot handle this. It is already greatly depressed.

Lee Anne Burkitt Los Gatos CA 95033 United States 2/22/2012 This bill would make owning rental property in Maui unaffordable. Real Estate broker fees are excessive. Passage of these bills would hurt tourism in Hawaii

Michael Cooper Wailuku HI 96753 United States 2012-2-22 This Bill will hurt the economy of Hawaii Rental rates will climb and less tourism will result.

Koshu Madnani Lahaina HI 96761 United States 2/22/2012 "We rent our vacation condos and pay GE/TA taxes. We employ small business folks to provide maintenance, furniture, upholstery, etc. If we have to pay 40% to a realtor to manage, we would have to sell our condos. Since no one is buying, we would walk away and Hawaii would lose a lot of money which our tourists bring into the state.

This is also illegal discrimination against non residents. the only ones who will profit from this are realtors - the state won't make any money from this bill."

Bruce Milliken Lake Oswego OR 97034 United States 2012-2-22 "A compelling argument against this is an example 3 years ago when a leading property manager, Property Network, in Kona went out of business. They shut their doors and skipped town with a substantial amount of money owned to owners, vendors, and renters  
<http://the.honoluluadvertiser.com/article/2009/Mar/22/br/hawaii303220012.html>,  
<http://the.honoluluadvertiser.com/article/2009/Mar/22/br/hawaii303220012.html>. There was no consequence from the state Attorney's General Office or other civil lawsuits. This type of large scale failure has the chance of continuing regardless of licensing. When individuals are in charge of their units the most that will happen is one unit will be a problem."

Teresa Smith Keizer OR 97303 United States 2/22/2012 "This bill is unfair to those of us who regulary and timely, pay their TA taxes. Why punish everyone for the actions of a few?"

Randy Bodhaine Pleasant Hill CA 94523 United States 2012-2-22 "If the "real" reason for this bill is in fact to make sure all Transient accommodation taxes are paid there are several more effective ways to monitor this alleged tax compliance problem. The true issue re. this bill is not anything about a tax compliance problem and that is blatantly obvious. I plead with this committee to look beyond this mask and recognize the harmful effects on the Hawaii real estate economy and Hawaii tourism.

janet spreiter LahainaHI 96761 United States 2/22/2012 This is a blatant money grabbing scheme

Cara Birkholz Kihei HI 96753 United States 2012-2-22 "I very much oppose this bill. It will depress our real estate market even more than it already is and line the pockets of property managers, some of who do a terrible job and charge 20-50% commission (yes, Outrigger at the Palms at Wailea charges 50% of rental rates commission from its condo owners)."

Melouise Pfeffer Sebastopol CA 95472 United States 2/22/2012 "I've operated a vacation rental at Kealahou Bay for over 11 years and have managed to keep my rates reasonable, with no increases for over 9 years. I feel a personal relationship with my renters, many of whom come back year after year and appreciate the good value and they've always treated my property with respect. I collect and pay GET and TAT faithfully. Involving licensed realtors will raise rates and decrease my rentals. NOT A GOOD IDEA!"

Ron M. Kent WA 98031 United States 2012-2-22 "It has been my experience that the Realty Companies in Hawaii DO NOT do a good job at all for my Vacation Rental as I Do myself because I have a vested interest in it and they do not and they DO NOT CARE about me or my Vacation Rental. My Fill Rate is much much much higher than any of those companies have done or can do because they DO NOT Care about my condo and whether it is booked or not as long as they Collect their fees from someone. We are just a number to them, They Do Not Care About US the Owners and our Financial obligations for our Vacation Rentals. If this passes it will be the biggest mistake ever and The State of Hawaii WILL Suffer from it, I can guarantee you that. IT Will be the Biggest Mistake in the HIStory of Hawaii. A BIG BIG MISTAKE."

Jay Sheldon MN United States 2/22/2012 "My wife and I just returned last week from our fifth visit to the Hawaiian Islands as renters of privately owned condos, determined to buy our own condo as a vacation rental income property and future retirement home. While doing our due diligence I came across this atrocious piece of pending legislation.

Passage of this bill will keep us and our money off of the islands.

Nobody in their right mind would dive into an investment that is clouded by the prospect of turning a slim margin into a deep negative cash flow, and even if they were still willing to do so, or were simply ignorant, mortgage lenders will further restrict the availability of funds for individuals to buy vacation properties based on the increased risk.

Gail Baker Truckee CA 96161 United States 2012-2-22 "Should this bill pass we will no longer be able to pay our mortgage and expenses and will be forced to sell our property when it is worth 50% less than when we purchased it. We are under water and just as most of the foreclosures and short sales are getting sold there will be a new influx of foreclosures which will surely bring the market down further. The owners who are renting their properties on the internet are paying their taxes and this bill is only being pushed due to the lobbyists for the management companies that have lost business not because of VRBO and other online rental companies but because their lack of doing a good job. I would never use a management company to rent my home as I have had many negative experiences with them including renting to people I would never rent to, not renting it to fill my calendar as it should be filled, not letting me know when there was damage to my property, not supplying and cleaning the premises to my standards and my renters standards. I have an on island manager who went to my property to check it out as soon as the earthquake happened and she also went to the unit to tell my renters that there was a Tsunami and where they needed to go to evacuate. I am certain that a management company would never go to the extent to manage my property."

Nanette Teodoro Alliance OH 44601 United States 2/22/2012 I believe that this law would benefit only the realtors. I don't know of any other state that would even think of mandating such a skewed law. There is no provision to exempt those rental property owners who collect GET & TAT and faithfully turn said revenue over to the state. Such a law will only discourage buyers from investing in Hawaiian market and they will look to other markets. Passing this bill can only hurt Hawaiian tourism.

Dennis Barnes Kihei HI 96753 United States 2012-2-22 Vacation rental owner paying thousands in taxes yearly.

John Rogers Palo Alto CA 94303 United States 2/22/2012 "We pay the TAT, GE, and State Taxes. If this passes, we will not pay these. If everybody follows suit, then Hawaii will loose at least a billion dollars, and will not be able to afford, or have arms long enough to go after us to prove we owe the money and collect. If they hear this, I guarantee they will not risk it (not to mention the lawsuit for discrimination that will have to defend also)"

Greg Rogers Elk Grove CA 95758 United States 2012-2-22 "Don't shoot yourselves in the foot, Hawaii. This will harm Hawaii's tourism worse than any other foolish measure you've tried."

Mike and Linda Strapp Forest Lake MN 55025 United States 2/22/2012 "We oppose 1707 after 25 years of ownership of a rental property on Maui. we feel the bill is discriminatory to out of state owners. We have successfully rented out our condo ourselves most of this time, using Maui cleaners and maintenance people the entire time. Requiring us to employ a property manager in Maui would reduce our rental income which we depend on in our retirement. We have paid TAT and GET taxes since 1988."

Patricia Morine Makawao HI 96768 United States 2012-2-22 "The property managers I have employed over the years were caught embezzling, failed to collect rent. Instead if 25% they would rent the home for twice as much as listed and pocket the gains. They failed to protect my property from considerable damage all with no consequence. No one can look after my property better than myself. I should not be discriminated against and forced to employ a real estate property manager."

Washington Pacific Corporation San Diego CA 92117 United States 2/22/2012  
Requiring an agent is unconstitutional

Larry Rosenberg Kihei 96753 Canada 2012-2-22 "It is unconscionable for you to strip honest, law abiding, tax paying property owners of their freehold property rights to enhance your tax revenue collections. You need to do a better job enforcing your laws. "

Roxann Therrien Anchorage AK 99515 United States 2/22/2012 we own property in Hawaii

Roger Newman Bountiful UT 84010 United States 2012-2-22 "This is another (annual) attempt by the state of Hawaii to gain de facto ownership of real estate owned by non residents through making it impractical to own real estate here through the burden of taxes, fees, and other hardships."

Shannon Cormie Kailua-Kona HI 96740 United States 2/22/2012 It would be harmful to tourism in a time when we need to encourage tourism and not discourage it.

Roy McDonald Koloa HI 96756 United States 2012-2-22 "This is outrageous and favors special interests at the expense of individual property owners. It would hurt many owners financially, and would decrease the value of many rental properties. Please do not support HB1707. Roy McDonald"

Karen Szakal Kaleden WA b.c. Canada V0H United States 2/22/2012 "This is extremely unfair to out of state owners.

Our owner has been nothing but fair, responsible and attentive to our needs. This is just a blatant money grab. "

george lomnycky longboat key FL 34228 United States 2012-2-22 "Direct owner rentals via internet have become accepted worldwide, spurring lower cost rentals (ex agents 25-40% mark-up) and greater tourism globally. For Hawaii to try to regress to the dark ages would cause it to become a laughing stock while severely hurting its own economy. "

Lisa Mitchell "San Leandro, CA" CA 94577 United States 2/22/2012 Just look at the hundreds of statements already spoken....I think those are reasons enough. Leave the little guy alone for once.

Walter Goede Rancho Palos Verdes CA 90275 United States 2012-2-22 This is a terrible bill meant only to give licensed realtors a cut of my investment for no work. I have paid thousands of dollars in TAT and state tax. If this bill becomes law I will convert my property to long term rental only which will cost Hawaii millions in lost TAT. This bill has no merit

dave giacomini Truckee CA 96161 United States 2/22/2012 "We pay our taxes and provide quality service to our vacation renters. This is an attempt by management companies to have government protect them from the from the changes the internet allows people to rent their vacation housing.. The world as we know it has changed due to the internet, don't stand i the way of progress, by passing a protectionist bill for realtor and management companies. The internet allows cheaper rents and encourages more visitors to Hawaii.. "

James Copping Alpena MI 49707 United States 2012-2-22 It is getting more expensive every year if this passes we my not afford to go to Maui any longer

JAMES CASH CLAWSON MI 48017 United States 2/22/2012 THIS IS NOT FAIR TO FORCE OWNERS TO USE A MANAGEMENT COMPANY

Mikki Swift Richmond VA 23225 United States 2012-2-22 I want to be able to rent my unit on my own and not pay an agent to do this at a fee that I cannot afford

Susan Rypka Santa Cruz CA 95062 United States 2/22/2012 "I want to decide who stays in my condo, when and for how much. I have paid the taxes since I bought it in 2003. I don't want some stranger involved with my guests nor my money. It appears to be very unconstitutional."

Jennifer Mills Willoughby OH 44094 United States 2012-2-22 "I have tried to find a rental agent to employ for 2 years and no one will take on my property. They either say that they only deal with high end rentals or that they already have too much inventory of similar properties which are already not getting rented. No rental agent would go to the lengths that I go to keep my place rented. I am constantly tailoring the nightly rate to the current market and occupancy rate. If I have a week open" I run a special for that week and get it rented. No agent is going to offer me that kind of service. They wouldn't have the time to constantly scan the calendars of all of their rentals to identify periods of vacancies and run specials until it fills up. Even with all of this extra work I put into my cottage the property is still almost in foreclosure. I will be out of business if this bill passes. There is no way an agent is going to be able to charge a rate which will get enough bookings to cover their fees and my expenses given the current state of Maui tourism. I am now charging half of the nightly rate I charged in 2007 " just to keep the place booked! This bill marks the end of vacation rentals in Hawaii."

John Winner Annapolis MD 21403 United States 2/22/2012 "This Bill unfairly adds to the cost of renting property, and appears to be a special gift to realtors."

Danie Lyons Punta Gorda FL 33950 United States 2012-2-22 "This bill will destroy tourism in Hawaii and cause many owners to lose their properties. It will be a disaster for Hawaii. We manage our own rental after discovering that our realtor (who was a friend) was ripping us off by putting people in our place and not telling us--he kept the money for himself. We collect and submit all GE and TA Taxes ourselves. This bill is outrageous. It will weaken the real estate market beyond repair."

Ray Cook Chesterfield MO 63017 United States 2/22/2012 "If this bill passes, it would cause me to try to sell my property as I could no longer make a profit on my rental. This would cause a huge increase in properties for sale and greatly depress the value of everyone's property. Nothing good can come from this extremely short-sighted legislation."

Juliann Gornick-Boucher Glenwood Springs CO 81602 United States 2012-2-22  
"We have owned a rental condo in Maui since 2008. I successfully rent it and remit the GE & TA taxes efficiently on my own. This would be a devastating blow to my rentals. I simply cannot afford the high agent prices. With the down economy, I had to lower my rental rates to remain competitive, which in turn makes the property operate at a negative cash-flow already. I can only assume other owners are in the same boat. Requiring additional expenses could only force further foreclosures of the 2nd homeowner market. "

Skip Paxson Jacksonville Beach FL 32250 United States 2/22/2012 "This legislation is preposterous--what an outrage! What problem is this bill supposedly fixing?? Everybody seems intent on getting their misguided hands onto a viable tax-paying small business in Hawaii. The State raised transient accommodation tax during the most difficult economic times causing property owners to absorb the tax hit because we could not raise our rental rates and expect business from the already distressed travel industry. The real estate industry, banks, and property appraisals, created the bust that occurred after 2007 by manipulating the valuations driving up unsustainable property values but giving them short term windfalls. I love Hawaii and have paid more than my fair share of property transient accommodation and general excise taxes. Please don't add insult to injury by allowing this bill to get anywhere other than the waste basket it belongs in!!"

Wampler David Newport Beach CA 92659 United States 2012-2-22 "I built a house out the dirt in Hawaii, only to see it decline in value (from the highs) by almost 60%. Many many local people were employed during the construction of the house. Rather than walk away in a non-recourse state - (screwing the bank in the process). I hung in there trying to keep the house by vacation renting it. All the while duly filing and paying my taxes - which over the course of just 2 years amounts to thousands of dollars in revenue for the State. Local people will continue to be employed taking care of the maintenance and repair of the house. Why would the State of Hawaii ever imagine doing something like this? Money magically appears in their operating account from me every month from this one rental. People from the mainland are happy and promise to keep coming back. They've spend thousands of dollars (probably hundreds of thousands) in this State as a result of this one rental. The real estate agents will absolutely not care for their needs the way we individual owners do (I know - I used a local agent for a year) and they WILL NOT return (I know - they didn't)."

Mary Peterson Waikoloa HI 96738 United States 2/22/2012 "Are you kidding???"  
This is absolutely ridiculous for all of the reason listed by so many here on this forum. It doesn't sound like it applies to Hawaii residents, though. Sounds to me like Hawaii wants to gouge the Mainland owners who have the audacity to own property in Hawaii!! Not all Mainland owners are wealthy....we certainly aren't. Luckily we are moving to Hawaii in a week so we will be residents. We have ALWAYS paid the taxes required of the State. I know some owners don't. Unfortunately, it may be for this reason

that the State is considering this change. Stupid, in the long-run, but I can see how they think it will help the State financially....a little."

CONNIE SCHEENSTRA PASCOWA 99301 United States 2012-2-22 We love to vacation in Hawaii and this Bill would increase vacation rental rates for us.

Robert Scheenstra Pasco WA 99301 United States 2/22/2012 My wife and I use vacation rentals when we travel to Hawaii and this Bill would raise the rates.

Marilyn Brown BEND OR 97701 United States 2012-2-22 This bill is unfair! It will benefit very few and punish thousands. It will also financially ruin many who are struggling to hang on in this economy.

Patricia Morgan Port Angeles WA 98362 United States 2/22/2012 "My husband and I own a condo on Maui and live on the mainland. We pay our TAT and GE taxes as required by law. HB 1707 will make it impossible for us to rent our condo at the current daily rate and meet expenses. If we have to raise our rates by 40 - 50% to pay a rental agency no one will be able to afford the rent. Therefore, you will lose the money we are currently generating for the State of Hawaii. Please vote no on HB 1707."

George Kent Corona del Mar CA 92625 United States 2012-2-22 "Many individual renters are losing some money already on their properties since often the net rental income does not cover the mortgage and other expenses. Thus, if this legislation is passed, they will either sell their vacation properties or walk away, hurting the lenders and further decreasing the depressed property values and decreasing the tax base of the state of Hawaii."

Robert Stanley Fenton MI 48430 United States 2/22/2012 My family has owned and rented property privately for 40 years and should not be subjected to this terrible cost. We would also lose control over who we rent to.

Tracey Buck-Walsh Sacramento CA 95831 United States 2012-2-22 "This bill would result in lower TAT and GET tax collections, not higher because fewer properties would be rented, resulting in fewer visitors, fewer restaurant visits, whale-watching, car rental, etc. I pay my TAT and GET every month for my vacation home. The solution is to crack down on those who don't, not give a monopoly to real estate brokers who may or may not effectively market and rent available properties. Hawaii should do all it can to encourage more vacation renters, not fewer. I could go on. This bill is incredibly counter-productive."

Pamela Steffen Forestville CA 95436 United States 2/22/2012 This bill is very short sighted. It will create inflated rental prices and therefore less tourists will visit Hawaii.

Judy Cash Brighton MI 48116 United States 2012-2-22 We have a condo in Maui that we rent ourselves. We do not want to use a Rental Agent as this would be very costly and we would have to raise our rates to cover the costs. We pay our taxes like we are supposed to and this is unfair to us.

Nina Nychporuk Kamuela HI 96743 United States 2/22/2012 "I am opposed to HB1707. It is not necessary as other mechanisms already exist including other legislation to ensure non-resident owners collect and submit the state taxes associated with the rental of their vacation homes. Forcing owners to utilize agents to collect revenues and submit taxes will create an added operational cost and burden, which will only benefit the agent or property manager. Having previously utilized a property manager, who charged an approx. 45% fee on revenues, I know this Bill will make it near impossible for

many owners to break even on costs. It will place many owners in a position of incurring annual losses. The Bill will negatively impact Hawaii's already fragile tourism market.

Leal Buck TiburonCA 94920 United States 2012-2-22 "This legislation stands to benefit a very small group. It irreperably damages the aloha spirit we have all come to know and love. That spirit is why we bought a home on the Hawaiian islands, why we share our properties with very happy and appreciative visitors, and return ourselves to lovingly maintain and enjoy the property. My husband and I diligently adhere to all state laws. We use the small profit generated to help pay for our son's college education. The trickle down impact of this ill conceived legislation would negatively impact not just us and our son, but all the local people who provide services to our home. This is a slap to enterprising, hard working and law abiding people in an economy already incredibly difficult to navigate. This is neither the American way nor the way of the land of Aloha."

A P "Lake Havasu City," AZ 86406 United States 2/22/2012 Because people should be able to rent out their own places without Real Estate interference.

Beverley Ellul San Jose CA 95120 United States 2012-2-22 I manage my rental and do a much better job than my rental agent did previously. This is going to hinder the vacation rental market in Hawaii as it will raise prices and drive people to more affordable areas.

Robert Lundgren Port Townsend WA 98368 United States 2/22/2012 I have been renting my unit and paying taxes since 1999. If this passed I may have to only rent to long term tenants and there will be no TAT payments.

Andrew Davis Fulshear TX 77441 United States 2012-2-22 Drives up cost of ownership and renting and impedes with a free market.

David Gallacher Ridgefield WA 98642 United States 2/22/2012 "I pay my taxes and employ locals to help manage and maintain my rental unit. This is simply an attempt by local property management companies to force non-residents to use their very expensive services. I don't believe tax compliance has anything to do with this legislation. The reason that I don't use a local property manager is they simply cost too much and add no value. I do the same thing they do when something needs fixing. I pick up the phone and call a local plumber, electrician, etc. and they get over there and fix it."

Deborah howard Surfside CA 90743 United States 2012-2-22 "Discrimination & forceful manipulation to use a realtor to collect my own rents and pay my own rental taxes. And to pay outrageous commission to boot! I can't afford to pay 40% and will have to sell, add to the flood of real estate on the market and no rent tax for the City. I pay all my rental taxes on time every month and can't afford 40% to someone else. My rental costs in Oahu are double that of California as it is!"

Carol Loos Evergreen CO 80439 United States 2/22/2012 "Owners choice not the Government of HI taking control of owners incentive to buy and sell weeks of vacation rental. Important screening of prior renters care of their unit would be impossible.

Larry McGoff Kamuela HI 96743 United States 2012-2-22 As a vacation rental home owner and a resident of Hawaii I think this bill will harm the local and state economy as I suspect that many will turn their units into long term rentals or sell them off. Considering that the majority of owners (in or out of state) pay the proper taxes this will be just another loss of funds for a state that is already cash strapped.

Susan Sipe Newcastle WA 98059 United States 2/22/2012 "I purchased a condo on Maui the end of last year. Before the purchase I interviewed 5 local property management companies.



They charged anywhere from 22% to 40% to ""manage"" my property and still expected me to run my own ads on VRBO and other sites as well as kick in \$500 twice a year for their group advertising. With the property management fee I could not make the condo pencil. Then I decided I would try to rent it myself. It has been great ? I am really enjoying getting to know our renters and have found a great support system of people on the island to help out if the need arises."

Since our first rental I have been paying the TAT and excise tax monthly. We also pay nearly \$9 000 in property tax because the home is a rental. This is planned to one day be our retirement home but if this law passes I will be forced to sell. I think others will find themselves in the same situation and the values on these homes will continue to go down. The shadow inventory of foreclosures is just beginning to come to market. I think this law would be bad for Hawaii the renters and the rental owners. The only ones who would profit are the handful of legislators who own the management companies.

Lisa Lippincott, Grass Valley, CA, 95949, United States, 2012-02-22, My name is Lisa Lippincott. I am a current resident of the state of California and a former resident of the State of Hawaii as well as a very frequent visitor to the great state of Hawaii."

In 2008 my husband and I decided to purchase a condominium in Kihei Maui. We have invested in the Hawaiian economy and we have taken an unoccupied virtually derelict condo and made it into a wonderful asset for the community. We use the condo for our own visits several times a year contributing heavily to the Hawaii economy.

When we are not personally using the property we rent it out to our friends and relatives as well as to some vacationing tourists using the website <http://VRBO.com> to do so."

We are registered with the State of Hawaii and possess business licenses in good standing. We collect and pay Hawaii taxes totaling 13.42% and we have submitted all taxes timely to the State of Hawaii as required by law.

These proposed bills are an enormous disservice to responsible homeowners and vacation rental owners like us. This bill would enrich Hawaiian realtors for nothing more than being a funnel through which our tenants submit rental monies to us. If enacted it would add a huge and expensive layer of middlemen to a process that is currently working well and would be an enormous drain on our meager revenues making it likely impractical for us to continue to do business.

We own one vacation rental unit. The gross proceeds from our vacation rentals essentially pay for housekeeping, on-island agent retainers, taxes association dues, utilities, upkeep and maintenance. Most condo buildings (at least in our vicinity) are 40+ years old and require constant maintenance. There is virtually nothing left over.

If we are forced to use a realtor as a go-between for our guests their fees (which I understand are routinely 25 - 40% of gross receipts) would cripple our modest operation.

These bills are a travesty! They are a transparent vehicle to enrich realtors at the expense of those of us who have invested in Hawaii in good faith and who follow the rules. The individuals that these bills are ostensibly aimed at will continue to fly below the radar and the treasury will see no material benefit ? only the realtors will profit!

Please do not pass these bills. They do nothing to improve your economy and in fact will likely shut down many small operations like ours because we cannot afford another enormous layer of expense!

Richard Beck, Los Gatos, CA, 95032, United States, 2012-02-22, Aloha!"

Another rip off by Real Estate agents who already price fix sales. Why not go after the small amount of individuals that do not pay the TAT/GET instead of making all of us honest renters add 10-25% to our rates? Just cross reference websites like VRBO to the TAT/GET licenses.

By passing on the savings of not using an agent we are able to keep our condo well rented. Once we have to add the fee for nothing whatsoever our bookings will drop...less TAT/GET to Hi. Have the last several bad economic years not been a lesson?

In our Maui complex there are two local Realtors who represent several units...most owners are dissatisfied with them. They rent to anybody (often causing problems with resident owners) and charge ridiculous amounts extra for things like \$75 to change a light bulb.

"Mahalo!"

E Dachtler Kapolei HI 96707 United States 2012-2-22 "Lower property values, unfair targeting of small businesses, won't increase tax revenue because more people will evade all together!"

Curt Brouwer Woodway WA 98020 United States 2/22/2012 "This is another example of over reaching by the government. Individual property owners should have the right to rent the property on the terms and conditions they deem appropriate. As a frequent visitor, this is something that may detour me from future visits to Hawaii. Hawaii is already a fairly expensive island to visit and causing rents to increase will make other destinations more desirable in comparison. I am also very glad I do not own rental properties in the state."

stanley casacio flourtown PA 19031 United States 2012-2-22 "I am 65 and have served my country for 6 years. To tell me that I can't rent my own home when I am not there is an insult to me and an attack on my freedoms. The state is telling me that I have to pay more expenses to people that don't care about my home and will not take care of my home. It is unconstitutional to require, mandate, and / or force a property owner to have to hire someone to operate their home or rent their home. No other state does this. With the cost of energy, water and other maintenance cost to add more is a crime!! Please do not do this!!!! As a senior citizen who is under attack at every turn, why does the state of Hawaii hate and want to destroy its people so much. You should be lowering the taxes on rentals not increasing them especially for your senior citizens. Yes this proposed law would be a huge tax increase on its Home owners. Did you ever hear of completion?

As cost and taxes go up, values go down. What part of economics did these politicians miss or flunk in school. Of course as values go down so too tax income to the state goes down until we become Greece.

Stan Casacio 215.651.1042

Tammy Praetorius Glenwood Springs CO 81602 United States 2/22/2012 "i had a management company who did nothing for my condo. the condo was not taking care of . It is not ok for the government to take away our rights"

Douglas Curran Valencia CA 91354 United States 2012-2-22 Unintended consequences:

1. Payment of a 20-40% fee to the real estate management company means the owner would have less money to invest in maintaining the condo. Condos would be maintained and/or renovated less frequently. This would impact local tradesmen and the construction industry in general. For the tourist, the overall quality of the condo experience would be degraded.

2. Rates would have to be increased to keep the owners return on investment viable. Most tourists choose to use condos in order to avoid the higher hotel room rates. Higher condo rental cost would drive tourists to explore alternative destinations, resulting in lower occupancy rates and, therefore, fewer tourist dollars in the Hawaiian economy.

3. The condo rental/management industry has proven unable to compete in the digital era. Historically, occupancy rates and net income to the owner decrease when a management firm is engaged. This is why owners have embraced the Rental by Owner option. Condo owners have a personal stake in the investment and do a far superior job of marketing and promoting the condo to the tourist. Legislating to eliminate the self management option removes the entrepreneurial incentive and would be an unfair restriction of trade. This legislation appears to be a thinly veiled attempt under the guise of increased tax revenue to provide a windfall to a specific trade group. For reasons stated above this regulatory burden would reduce revenue to the state economy.

4. Removing the right to self management would result in some owners reevaluating condo investment in Hawaii. Faced with higher cost of ownership and decreased occupancy rates and revenue" many owners would be forced to sell the condo. This additional inventory in the real estate market would only further depress prices and delay economic recovery.

Carrie Donnelly Bellingham WA 98229 United States 2/22/2012 I have been a travel consultant for twenty five years and I am a certified Hawaii Destination Specialist with the HVCB. I should be able to handle the reservations of my own vacation rental property!! I would also like to point out the loss of taxes that will happen when owners turn the property to full time rentals! A loss in the transient tax will be huge.

Chris Worley SLC UT 84109 United States 2012-2-22 "Note that HB1706 also requires out-of-state transient rental condo owners to use a local property management company! We need to fight this as well... it's already passed all committees with no amendments. Note that federal law requires "fair trade" between the states: no state can pass a law that inhibits out of state businesses from doing business in ways local businesses aren't inhibited."

David Pay Vancouver CA V6S 1X1 United States 2/22/2012 Affordable rental directly from owners allows us to visit Hawai'i. More expensive rentals will make it impossible for thousands to return to the Hawai'i for vacations.

Tim Brunnert Maunaloa HI 96770 United States 2012-2-22 "This is unconstitutional. The real estate monopoly is going to for ,getting into everything it can. It has already hurting the building industry in Hawaii. This is supposed be a free country. What is happening to free enterprise. People shall remain free to their own economic solutions"

James Johnston Janesville CA 96114 United States 2/22/2012 "Bill HB 1707 will require my wife and I to divest of our Hawaii vacation rental property in a market further depressed by this legislation. We will lose our investment, the income it generates and the needed contribution it makes to our retirement income. We, like many other vacation property owners, cannot sustain a 25%+ reduction in gross revenue (what business venture can?). The Real Estate agent charges will far exceed our profit, leaving us holding a bag of debt. "

Marta Nagy Kihei HI 96753 United States 2012-2-22 "We are responsible owners who remit our taxes on time. Imposing this bill would make owning this property and providing it as a vacation rental to people from the US and other countries not financially feasible for us. We contribute to Hawaiian Tourism and to the Hawaiian economy. This Bill loses sight of that basic, yet major fact, entirely! "

Patricia O'Rorke Kahuku HI 97631 United States 2/22/2012 "This will hurt Hawaii's economy by increasing rents for vacation rentals, making Hawaii less competitive with other island destinations. High airfares are already a problem; you don't need to make our market worse by giving realtors a monopoly and locked-in commissions. If a condo association wants to pass a measure like this, it can do so. The legislature should stay out of it."

nigel haywood Walsall ENGLAND AP ws6 7lq United States 2012-2-22 "we are English and rented from 3 private owners last year on Maui / Bbig Island and Ohau and the service we recieved was exceptional and at a good rate , forcing such owners to use a licensed agent as you propose would seperate the Aloha spirit of the owner from the renter. This action could decimate income and the tourist trade and bite into the Aloha spirit that these ownwers convey.  
Rethink this legistlation before you lose a gem for ever

Robin Heath Waianae HI 96792 United States 2/22/2012 This bill only forces owners to stop paying taxes and go underground with their rentals. Does the state not want to collect the tax revenue that is generated?

David Balfour New York NY 10025 United States 2012-2-22 Nobody should be compelled to hire an agent. That's freedom.

Mary Gibson San Diego CA 92117 United States 2/22/2012 "This would would be financial disaster for owners and and backfire on the state. I own a single rental condo on Maui. The ONLY reason I can make my mortgage payment, let alone any profit, is by handling the bookings myself. I ALWAYS pay my GET and TAT taxes quarterly. The large property management companies "wholesale" out our units leaving us in the red. Their high commissions and the high rates the agencies would have to charge would bankrupt all of us small- time owners of one or a few units. It would therefore make another blow to condo resale prices let alone leaving so many condos foreclosed upon and left for the banks to deal with. Vacancy " property neglect all end up in tourism being down for the state of Hawaii. PLEASE DO NOT PASS THIS BILL! RECONSIDER the CONSEQUENCES!"

Lisa Taylor "Bradford, Ontario" OH L3Z2B4 United States 2012-2-22 "This bill would absolutely cripple my ability to run a small vacation rental business in Hawaii. I own 4 units and am profitable because I do all of it myself. I file my taxes and submit my GET and TAT regularly. There are more efficient ways of controlling people who try and cheat the system, such as having resident managers reporting the use of each unit within the complex. Catch people that way without crippling the livelihoods of honest taxpayers. If this bill passes I will be forced to sell all of my property, and the gov't will lose a lot of revenue. This would kill the vacation rental spaces as new owners would likely not bother renting as it would not be profitable. That would ultimately decrease the number of tourist beds and would decrease tourism dollars. This is a ridiculous and short sighted proposal. Talk about trying to kill a mosquito with a bazooka. This will have a devastating effect upon the condo resale market, the desirability of Hawaii as an investment option and the inflow of tourist dollars and vacation rental-related employment into the Hawaiian Islands."

Paul Stobie Dunbar WV 25064 United States 2/22/2012 "I agree with the sentiments and reasoning of many of the those who have commented before me.

1) More government regulation - Not a good thing. Who is perceiving there is a problem here that needs government meddling? Not me the owner and not any of those who have rented from me. No sadly this plan is being promulgated by the real estate companies on the island in an effort to boost their own incomes.

2) Simply put, this is a boon for Real estate brokers/companies at the expense of Tourists (higher rental costs) and Owners (more paperwork, costs, distance from the parties renting our homes)

3) This bill would greatly diminish the flexibility of tourists in renting on the islands and adversely impact their experience in renting on the islands. Many of my guests love the idea of staying in my home and renting directly from me as the owner. I give them much more personalized service than they will ever get through renting via a 3rd party.

4) The positive experiences that I am able to give my guests benefits Hawaii greatly. We not only pay our TI and GE taxes but our guests return as repeat customers and refer friends to vacation at my place on Hawaii. We individual owners are providing a great service to the bottom line of Hawaii. This bill would impact negatively on Hawaiian's important tourist industry. "

Michael Powers Carlsbad CA 92009 United States 2012-2-22 As an owner of a condo in Hawaii I am opposed to the passage of this particular Bill. Passage of this Bill will artificially inflate the rental cost of each unit by as much as 25% resulting in the possibility of perspective renters altering their plans to vacation elsewhere.

Kelley Dandaneau Dewitt MI 48820 United States 2/22/2012 "I just returned from my first ever trip to Hawaii. I stayed in privately owned condos with my family at a most affordable rate because the owner was renting directly. Because of the lower rate, I was able to stay an extra week to enjoy all that Hawaii had to offer. If you force the rates to increase, I couldnt stay as long and your tourism business for HI would more than feel any benefits to the realtors. "

Stuart Mumm Santa Cruz CA 95060 United States 2012-2-22 "I currently pay all taxes on our property. This bill would increase costs by 35-50%, thus making our investments unprofitable. The money would be taken from those of us who have made the investment to purchase property, and give the money to a rental manager who has made no investment. It is a very discriminatory bill. No net benefit to the State of Hawaii, as they already receive the taxes. Many owners would have to sell, and the Hawaii real estate market will suffer as a result. Buyers will shy away due to the prospect of future losses. "

Lon Wallace Kamuela HI 96743 United States 2/22/2012 "Quite simply, this is a blatant attempt by Realtors/Property Management Agents to monopolize the transient accommodation market. No need to reiterate all the justifications others have offered and illuminated as to why this is an unjust and unreasonable move; suffice it to say that many, many more, including the State of Hawaii, stand to lose way more than is gained by this potential legislation. I sincerely hope higher wisdom wins out here."

Joseph Dorsey Boca Raton FL 33486 United States 2012-2-22 This is just plain wrong! Some lobbyist got to someone in the capitol!

Margo Dean Richmond CA 94803 United States 2/22/2012 "The greed of the big corporations is sneaking its way into Maui. Stand firm. First they took away the locals' right to rent a room for "transient"visitors. Now this! It needs to stop! They have NO RIGHT to govern another person's property. Or do they? Afterall" " the US government did take over the Hawaiian Islands. And now this....

Kenneth Anderson Kailua-Kona HI 96740 United States 2012-2-22 "I am a Licensed Real Estate professional in Hawaii and I think HB1707 unfairly ties the hands of the Public. It curtails the property owner's right to choose their own management options. It's a greedy grab for control and if passed, will hurt the folks who own vacation rental property. It's bad for business and will discourage others from investing in our rental market in the future. Say no to HB1707."

Karen Veneziano Cardiff by the Sea CA 92007 United States 2/22/2012 "If this bill passes, I will be forced to sell my condo. I have a mortgage, aao fees, insurances, property taxes, maintenance fees, etc. I just break even as it is. Adding a 25% to 40% cost to my rental would limit the number of vacationers, especially in this economy. This snowball effect will eventually cost the State of Hawaii millions of dollars in lost revenue. I have always added TAT and GET taxes on my rentals and submitted the taxes to the Hawaii State Treasury."

Earl Sands West Vancouver HI V7S 1J5 United States 2012-2-22 "These bills will have a negative effect on real estate sales and will place a huge burden on owners, many of whom will go from a small profit or a break even to a loss on their condo."

karen sur Clinton WA 98236 United States 2/22/2012 "I have multiple sclerosis and divide my time between Maui and Seattle. When I am not on Maui, I rent out my condo thru VRBO. I CANNOT AFFORD to hire a real estate agent and loathe the idea of a stranger managing my property! Currently, my family on Maui manages and cleans the property with NO PROBLEM! I, too, collect and pay the appropriate taxes. I agree with the others - we cater to a specific group of people who would not otherwise be able to visit our beautiful islands. I make a VERY SMALL profit each month....which would disappear if I am forced to use a Realtor. I am a Hawaii resident and I OPPOSE THIS LEGISLATION!

Elaine Jordan Lisle IL 60532 United States 2012-2-22 "Why nonresident owners? This bill penalizes honest and above-board out-of-state property owners who collect and remit thousands of TAT and Excise taxes to the state annually. Isn't it just as possible that Hawaii resident owners could be doing it too?

Robert Sims Cary NC 27513 United States 2/22/2012 "If rents increase because of this bill, I will not be able to afford coming to Hawaii and spend my vacation and my vacation dollars. Living on the east coast of the US, travel costs are high already and this bill will then drive up rental costs making the combo unaffordable for me."

Linda Work Redmond WA 98074 United States 2012-2-23 We purchased property in Hawaii nine years ago and have successfully rented independently without a single problem. We have on island representatives who are able to deal with any issue should any situation arise during a guests' stay. We collect GET and TAT taxes on all of our transactions and submit our returns on time every month. We have established a wonderful base of extremely satisfied repeat guests and in the process have promoted Hawaii tourism. We are able to provide outstanding accommodations to our guests by personally managing our property to insure we maintain the highest standards and exceed our guests' expectations.

Bruce Trubo Morro Bay CA 93442 United States 2/23/2012 Pending condo purchase on Kauai-this legislation will force me to drop out of escrow! This legislates the taking of personal property rights!!!!

Richard Draeger Novato CA 94947 United States 2012-2-23 My experience with rental agents is poor and this legislation will cause me to sell my condo and stop coming to Hawaii.

Lynda Moller KIHEI HI 96753 United States 2/23/2012 THIS IS NOT AN AFFORDABLE OPTION. EVEN WITH THE RENTS COLLECTED NOW WE'RE LOSING MONEY. THIS WOULD BANKRUPT OWNERS AND FORCE THEM TO SELL

Frank Clark Merlin OR 97532 United States 2012-2-23 "This bill will kill our rental, lower the value of our property and raise the rental rates. We are struggling as it is and will sell out

if this bill passes. We have owned our condo for 23 years and it brings a lot of money into the Maui economy."

Richard Fuller Goleta CA 93117 United States 2/23/2012 "This bill provides a monopoly to real estate agents, and is not of benefit to the renter/consumer. If this bill passes, it will deter me from coming to HI."

Cynthia Gorman Kihei HI 96753 United States 2012-2-23 "We have successfully managed our condo on Maui with the support of an on-island management company and religiously collect and pay our GET/TAT taxes. This proposed bill would be bad for the Hawaiian economy - it will hurt tourism, force rental rates up and make potential property buyers less likely to purchase property in Hawaii; the result would be falling real estate prices, more foreclosures... more financial trouble for the Hawaiian economy."

Russell Grose Sun City West AK 85375 United States 2/23/2012 "I have had agents renting my property & they don't work, they charge too much, don't do what they're contracted to do - All add up to decreased rentals."

Robin Dielman San Jose CA 95120 United States 2012-2-23 "We were actually thinking of purchasing another property and eventually moving on island permanently instead of partime. This will definately give us second thoughts. I would like to mention that we also hire local workers to help us out with handywork, gardening, cleaning, remodeling and such. As owners decide that the intrusion becomes too much, many may decide to find rentals elsewhere. I love Maui! "

Mark Brooks Denver CO 80206 United States 2/23/2012 "This bill would unfairly enrich a single group of businesses, the property management companies. It will also likely reduce the transient tax collection as many owners would move to longer term rental situations. Please reject this bill."

Bruce Ahrendt Salem OR 97306 United States 2012-2-23 "We run a vacation rental out of Kona Reef condominiums. By renting it ourselves we can provide a service that isn't available through an agent. We maintain a local property manager to handle any problems that arise. We have numerous repeat renters that love renting from us and have never had a bad review. This does not benefit the consumer! The only benefit from this is to line certain beneficiaries of this bills pockets."

Don Brattin Branson MO 65616 United States 2/23/2012 This is an unconstitutional proposed bill. If the State wants to make sure I pay my taxes simply demand all payments by guests be made with MC or Visa which will constitute a record the Hawaii IRS can track. This will cost me 3-5%. The brokers see this as a windfall profit for doing nothing but a little paperwork. VOTE NO!

Peter Chiodo San Jose CA 95111 United States 2012-2-23 We plan on retiring in two years but if this bill passes we will be forced to sell our property.

Sylvia Remington La Conner WA 98257 United States 2/23/2012 "This bill will NOT create more tax \$ for Hawaii, but rather lower property values and make it difficult for owners of vacation rentals to maintain their properties. This takes money out of the homeowners hands and places it only in the pockets of the realtor and property managers which can not manage our properties or rent them as well as we can. Please note that it is the realtors and property managers that brought this forward and it is only for their benefit. I've used property managers in the past with poor results: unsatisfactory

housecleaning, charging very high rates when my renters pay with a credit card, and supplying us with unsatisfactory linens, etc."

Alan Alvarez Pahoia HI 96778 United States 2012-2-23 "we need the work to survive, with out it we will be homeless, hungry etc.  
We plead with you not to pass this bill !!!

Maureen Reyes Beaverton OR 97007 United States 2/23/2012 "Ludicrous proposed legislation. There's plenty of room for self-managed owners and property managers to coexist in the vacation rental market.  
Sure, lets force everyone to pay huge commissions----the brokers will love it! Will it solve any perceived problem....? Of course not!

John Norman "Auke Bay," AK 99821 United States 2012-2-23 "Our one bedroom condo rental is providing over \$6000 in taxes alone. Money spent on fees,cleaning,a local manager,expenses already take about 75 percent which stays in Hawaii helping the economy, please be thankful for owners and do not drive them out of your beautiful state."

Virginia Dick kodiak AK 99615 United States 2/23/2012 "With the decline in real estate values in recent years it has become imperative for us to generate income through the part-time rental of our second home - in HI. We have had to reduce rents for other residential rentals here in order to keep them occupied and we continue to maintain ALL our HI properties to the level where we would be happy to live in any of them ourselves. We are not trying to get rich off of these investments, just help provide a little extra for our retirement income, but at this point we are having to subsidize ALL of them to keep our mortgages paid each month. Adding 25% fees - or more - from Realtors could potentially force us into a foreclosure situation on two or more rentals and destroy nearly 50 years of excellent credit! We are content to pay the required taxes,and will CONTINUE to do so, and we will continue to provide affordable housing for residents, but would also prefer to keep our condo that allows us to spend several months a year in HI. We simply cannot see the wisdom in the multiple negative consequences that would ensue if forced to comply with the proposed legislation regarding the rental/management of our second home."

Shelley Hecht Keaau HI 96749 United States 2012-2-23 This will impact the Hawaii Tourism greatly and only benefit real estate agents and prop. managers. Senseless

Gordon Fall Seattle WA 98177 United States 2/23/2012 This bill discriminates against individual owners who want to rent their units on their own and who pay all their taxes as due. It also creates a monopoly for Real Estate Agents who can gouge the owners. Also it will discourage many owners from even placing their units into the rental business. It has the potential to actually decrease the available vacation rentals in Hawaii and decrease the income to the State of Hawaii.

Bill Mittermann La Grange Park IL 60526 United States 2012-2-23 "As a tourist we have visited various Hawaiiin Islands 14 times for 10-14 days each time. We have saved probably at least \$50/night by renting directly from owners. Frankly, the only reason we were able to afford visiting the islands was the use of FF air miles, and the reduced rates of by owner rentals. The money we saved by renting from owners allowed us to up our budget for dining out, excursions and retail purchases. It's doubtful we could return and spend our vacation \$ in Hawaii without the more affordable by owner rentals."

Bill Newcomb Kailua-Kona HI 96740 United States 2/23/2012 "ears ago when a leading property manager, Property Network, in Kona went out of business. They shut their doors and



skipped town with a substantial amount of money owned to owners, vendors, and renters"

Dennis Tate Grass Lake MI 49240 United States 2012-2-23 "In my opinion these bills are an attempt to corner the market for condo rentals in Hawaii by the real estate industry who have shown that they cannot effectively represent property owners on the islands. I have collected and paid all GE and TAT taxes required as well as penalties & interest when late filing and tried to use a licensed management company when I first started renting my property. I was able to obtain bookings at nearly a 2:1 ratio to the professionals for the same rental rates and had to pay them 20% on bookings that I made plus pay their cleaning fees. If this law passes not only will there be an increase in foreclosures there will be a drop in tourism that will impact many Hawaii residents whose income is dependent on the tourist industry. "

sat mahajan los altos CA 94024 United States 2/23/2012 we own few condo's in maui. Prices has gone down by 30% so we can not sell. Only way we can survive is renting it ourselves otherwise we will foreclose

Annette Newman Bountiful UT 84010 United States 2012-2-23 This is America. Why is Hawaii trying to deny my property rights and freedom?  
Zoe Sternberg Larkspur CA 94939 United States 2/23/2012 "This is discrimination and it will absolutely filter costs down to renters, who will then choose to go somewhere else for vacation, which will cause real estate values to go down. We would certainly look into selling our condo if we cannot make money on our rentals in order to help with our mortgage. We strongly support home owners being able to rent themselves. Think of the taxes that the government will NOT get if we stop renting."

gary leaverton woodland WA 98674 United States 2012-2-23 "Why would anyone turn over economic control to a real estate broker? this would result in a considerable loss of income to the owner and control to the property management and care. we only rent to a small list of trusted renters who have shown respect care of our condo. They don't leave their good manners at home when they come to vacation at our condo. all taxes and fees are collected and paid to the state promptly and accurately. If the system in the past has worked so well, why would the reason be to mess it up and lose 40 to 50 percent of the net to a real estate broker ? the property taxes and condo fees eat up more than the net already. we love this unit and the time we spend here so we just keep paying the balance due each year for the joy of being at our small bit of paradise, we would go broke if a real estate broker skimmed off 40 or 50 %."

Richard Waugh Kamuela HI 96743 United States 2/23/2012 "If enacted, the proposed legislation will provide property managers with a significant and unfair competitive advantage in the vacation rental market, and add an extraordinary expense, with no value-added, to small business owner-operators who contribute significant economic benefits to Hawaii.

These two Bills not only represent a restraint of trade on independent owner-operators, they also offer property managers a significant and unfair competitive advantage. Property managers in Hawaii typically charge homeowners 30%-50% or more of gross rental receipts (and, in some cases, rental receipts plus the TAT and GET), who have seen their market share diminish to the point that lobbying politicians is the their only solution to competition from legitimate, independent owner operators of vacation rentals. Tax evasion is a serious crime. The TAT and GET should be collected and remitted by everyone who owns and/or manages a vacation rental property. However, these Bills are not the answer. We urge the Government to work within the existing legislative and regulatory framework to enforce the tax collection."

Richard Benton EVERETT WA 98201 United States 2012-2-23 Ridiculous money and control grab

Pam Busalacchi Modesto CA 95242 United States 2/23/2012 "Owners should have the option to do what they want with their property

Kimberly Criswell Emeryville CA 94608 United States 2012-2-23 "When I've visited Hawaii, I've enjoyed renting homes from individual owners -- especially when the owners are friends of mine. I want to continue to have this kind of friendly, intimate experience, and I want my friends to be able to keep their prices low."

Angela & Robert L Greenwood Half Moon Bay CA 94019-3580 United States 2/23/2012  
"Because I have property in Paho, HI - and think this petition should be signed by everyone who lives in HI, planning on moving there, or retiring there someday in beautiful HI!"

Hera Tunggal Benicia CA 94510 United States 2012-2-23 "I am writing to oppose bills HB1707 and SB2089

We have successfully promoted and rented our condo to a lot of happy vacationers since 2006. One of the many attractions we condo owners offer to would be tourists, is that we provide a home away from home experience that typical hotels or resorts cannot offer. Given that choice, many tourists would prefer to rent a condo with all of the amenities they could get from their own homes compared to the more expensive options of a typical hotel settings. By offering a condo with the comfort of a home and with a very competitive price point, in our own small way, we have contributed to and benefited the State of Hawaii's tourism efforts and overall economy. With a successful program that yielded many renters, we also contributed to the State of Hawaii's coffers by paying regular GET and TAT.

We have a licensed realtor/property manager in town to help us maintain the condo or be our mediator if there is any problem that need an immediate solution. Other than that, our property manager does not really bring us any significant business. They were only able to book 2 renters for a total of 15 nights for the whole 2011. With the way their businesses are set-up, most realtors/property managers are not prepared to promote and run our condos the way we would on our own. Further, with at least 25% commission, how do you expect us to maintain our investments and pay all our expenses which include the high cost of H.O.A. fee?

We work hard everyday and ,sometimes, do not even make any profit from this investment. And in these down market conditions, we cannot even sell it without losing a lot of money. If this bill passes, we condo owners would simply cease promoting our condos for short term rental. Without competition, hotels and resorts would increase their prices and, as a consequence, a lot of tourists will skip vacationing in Hawaii because of the high cost of the plane fares, accommodations, and food.

Please listen to our voices. Please do not pass this bill.

Thank you,  
Hera Tunggal

Pam Morrison Koloa HI 96756 United States 2/23/2012 "I have 2 properties and have managed them off island for many years. Can't believe that Hawaii is going to try to do this to the already falling tourist economy! We have had foreclosures on vacation properties and more will come. No one will buy a condo ever in Hawaii!

We pay our taxes. Make there be penalties for this. The only people to profit with this bill will be Realtors..."

Richard Warner Yorba Linda CA 92886 United States 2012-2-23 "will cause us to lose money, negatively affect local cleaners/maintenance people, loss of property value, loss of business"

Tom Flynn Las Vegas NV 89131 United States 2/23/2012 "Hawaii does not need all the bad things that will happen to the economy and real estate market that this bill will cause. It will cause a reduction in visitation, increase in foreclosures, reduction in property values. Do not be short sighted on this, it will be terrible for Hawaii..."

Roger Pleski Wailea HI 96753 United States 2012-2-23 This bill is the most ridiculous thing ever proposed. Does someone hate the democratic system? Too much Big Brother controlling!

Jackie Walker Porter Ranch CA 91324 United States 2/23/2012 We host over 50 families on Maui every year through renting out our home. We generate a lot in taxes for the state of Hawaii. I can not believe the state can not see how this will only hurt their economy.

Larry Gentry Santa Maria Ca.CA 93454 United States 2012-2-23 "If this bill passes we are outta here. Or, we could all move to Hawaii, get free medical treatments for our cancers and such and just live off the system. Get a little of that \$30,000.00 to a \$100,000.00 a year we put back into their economy EVERY YEAR. You know, taxes, cleaning services, air conditioners, painters, furnishings, carpeting, maintenance fees, landscapers, food, utilities, gasoline..... What thanks! I know we don't see any of that money, it all stays on the Island.

bruce newnan san joseCA 95126 United States 2/23/2012 "As a responsible owner of a private home in Kaanapali vista. I see this to cause me to become a non-active real estate owner subject to federal restrictions as well as pay the extra overhead. The similar bill in the senate words this to allow a licensed property manager. This is discriminatory, and forces me to limit my pursuit of happiness guaranteed in the Preamble of the constitution. I made calls to each person on the finance committee yesterday. 2/21/12"

Melanie BoudarKihei HI 96753 United States 2012-2-23 a ridiculous law that will raise the rate of rentals. Hawaii is already expensive. Drive them away even more

Annette Williamson Belmont 4153 Australia 2/23/2012 Because as an international tourist it gives us much more choice and value for money to be able to chose a private owner to rent from!!

Lucy Snyder Hilo HI 96731 United States 2012-2-23 "I oppose measure HB1707 that adds an unnecessary additional cost to individual homeowners who operate transient vacation rentals and only benefits real estate agents and hotels.

The passing of HB1707 will actually decrease the states collected transient real estate taxes as many private homeowners will no longer continue renting homes for the transient rental market. Profit margins are already minimal to none. I for one hardly break even on our transient rental and would take our home off the market.

James Kung Edison NJ 8817 United States 2/23/2012 "HB1707 threatens the individual right to own and manage property in the state of Hawaii. It kills the entrepreneur spirit that is the essence of our country and economy. It hinders competitiveness of the rental market in the state of Hawaii for serving the special interest group - the local real estate agency and propoerty management company. undoubtedly, it will hurt the capital inflow to the state of Hawaii and the real estate market. Destroying the entrepreneurship is not the way to enforce tax collection. This bill must not be passed."

Witold Klimenko Walnut Creek CA 94595 United States 2012-2-23 I resent  
Chicago style fleecing of my property!

Francoise Rothstein Kailua-Kona HI 96740 United States 2/23/2012 We have owned  
and rented our Hawaii condo for 30 years and always paid all taxes due. Forcing us to pay a real estate  
agent to do what we are doing ourselves will put us completely in the red.

Sandra Bilson Pacific Palisades CA 90272 United States 2012-2-23 "I own a  
property on Maui that I use, rent out and pay taxes faithfully. If this bill were to pass I would be forced to  
sell my property as it could no longer pay for itself if I had to give 25-40% to an agent. The people who  
do not pay taxes now would certainly also find a way to circumvent hiring a rental agent. Also, from  
what I understand, there has not been a factual study or evidence gathered to support considering this bill  
in the first place. The way I see it -- it will most hurt those of us who are honestly renting and paying  
taxes. The dishonest people will continue to find a way around all of this and it might even encourage  
more dishonesty. I even question if this bill is constitutionally viable. If people do not feel comfortable  
or secure in renting from an individual/owner, they can certainly seek out an existing rental company.  
This is an obvious move by realtors/agents to boost their business -- it is just not right on so many levels."

Peggy Kunewa Volcaon HI 96785 United States 2/23/2012 "I strongly object to the  
passing of this bill that would allow management companies to monopolize the vacation rental market. I  
am a vacation rental owner doing just fine managing my home myself, and without any complaints. I  
became a a vacation rental owner when I was forced to be creative and decided to rent my home out for  
an extra source of income, just to survive the economic crisis after being hit with a furlough and then a  
pay cut from my state employer. I've sacrificed enough already and should not have to hand over my  
hard earned rental income to another greedy capitalist organization trying to make money off of me. I  
pay my 13.416% GE/TAT...so leave me alone!

Linda Silvera Alamo CA 94507 United States 2012-2-23 "Not sure who thinks this is a  
needed bill as we have successfully managed our vacation home using Homeaway and VRBO for years.  
We have on island support for all issues that our guests may encounter. We pay all GET and TAT taxes  
quarterly on time. With rental agencies charging 25% or more of rents collected we will not be able to  
maintain our home on the island. I simply cannot give up that much and make my mortgage payment.  
Keeping my rates low and competitive allows guests to have more money to spend in local restaurants  
and tourist attractions instead of overlooking Kauai as a vacation destination. As it is, many guests are  
shocked by the hefty state taxes for vacation rentals. This reminds me of the not so long ago TVR  
designation that we paid several thousands of dollars to have proper plans and applications submitted,  
only to never hear from anyone in the state again--no inspection, no sign off and no plaque to display on  
our home which was part of the application process, to declare where you would post the TVR  
designation so it could be viewed from the street. We never heard another word! Who profited from that  
little bill? Clearly this discriminates against home owners who pay their mortgage, taxes and employ  
locals to help us keep our homes in good standing with rental guests. This will hurt home owners and  
tourists alike. Stop it now!"

Greg Latimer Reno NV 89521 United States 2/23/2012 "Even though I don't rent my  
property in Hawaii, this is such a blatant grab for control by management companies that I need to voice  
my opposition. In a free market economy, management organizations woul have to lower their fees to  
make it feasible for people to use them. That will go away if this passes!"

Kristi San Miguel Ann Arbor MI 48103 United States 2012-2-23 We do not want  
others renting out our condo. We are a family business

Erik Avery Kamuela HI 96743 United States 2/23/2012 This bill is evil. It does not take much logic to figure out that producing this monopoly will hurt Hawaii's already injured economy. Its a no-brainer. It should'nt even be a discussion...

Jane Fenkart Hawthorne NJ 7506 United States 2012-2-23 To Support My friend

Ronald Sipe Northridge CA 91326 United States 2/23/2012 "This Bill would destroy the small Mom & Pop B&B's industry in Hawaii. We purchased our small condo so that we can retire to Kauai. Because we have the ability to rent our condo" on our own from California we are able to make this dream a reality. When we purchased the property every Licensed Company on Kauai wanted 30% of the Gross Receipts. It was a simple form of extortion by the locals. We were told that either we pay their fee's or we would not be able to rent our property. " "This Bill [ HB1707 ] would legitimize forced payments in the form of legalized extortion by local Agents simply because I do not live in Hawaii."

We comply with all Licencing we pay our GET/TAT taxes and yet you try to take more away from u If out of state owners are forced to pay additional fee's I am certain the State of Hawaii will see many many more foreclosures. Stop killing the economy and stop trying legalized extortion!

Elmer Nelson,Kihei,HI,96753,United States,2012-02-23,I'm a Hawaii resident and I'm retired. I manage my vacation rental myself and it is my only source of income.

Lidia Sipe,Northridge,CA,91326,United States,2012-02-23,THE STATE OF HAWAII IS TRYING TO PASS LEGISLATION THAT WILL FORCE MANY VACATION RENTAL PROPERTIES TO PAY 25-30% TO REAL ESTATE AGENTS TO MANAGE OUR VACATION HOMES ??????"

1. It unduly makes Realtors act as Travel Agents and limits fair trade.
2. It eliminates the expertise of many people whose livelihood it is to make such reservations.
3. It acts as a closed shop.
4. It is discriminatory and unfairly draws funds from retired owners who do not live on Hawaii.
5. The costs will be passed on to Vacation Renters causing a detriment to the Tourism Industry.

If this becomes Law many owners like us will no longer be able to share our vacation home with some really wonderful people.  
Great way to kill an industry.

Kimberly Cox Carneal Kailua Kona HI 96740 United States 2012-2-23 "Good grief-- you are kidding me! This will KILL the vacation rental business, upon which Hawaii depends. Real estate agents will soon get back in business legitimately (with home sales) and should not poach on owner-managed vacation rentals. It would be a shame to allow them to move in on territories they can't possibly hope to learn to scope of, even as they neglect the due diligence in their own markets. I speak whereof I know, as I've been the victim of the why bother when it's hopeless? mentality in home sales. "

Craig Dunn Mission Viejo CA 92692 United States 2/23/2012 "I already use a Hawaii licensed real estate agent as a property manager. This agent however does not book enough nights in my unit to offset a negative cash flow. I must utilize internet sources, in addition to the agent, to get even

close to a "break even" situation. Why should I pay an agents commission on bookings that I had to pay an internet site to obtain? "

Jim Grindle Dana point CA 92629 United States 2012-2-23 We can not afford any more expense. We have no equity in our place and would be forced to walk away. Also the state would not be able to collect property taxes if we go in to foreclosure and the 13.25% we collect now from our renters would be lost to the state. Wow what a great idea! Property owners loose money and the state would loose money. Who came up with this great idea?

Laury Miller Snohomish WA 98296 United States 2/23/2012 I too manage my own rental just fine and pay my taxes quarterly following all the rules why should I be forced to pay someone else to do that for me and lose the income I have worked hard for

Derry Ryan Novato CA 94949 United States 2012-2-23 It is an unconstitutional bill

Peter Roberts Bellingham WA 98225 United States 2/23/2012 "I am a 25 year REALTOR and HB1707 is unfair to the millions of travelers that visit your beautiful State. This will limit commerce, increase costs, and discourage visitors."

Kevin Wolfswinkel Banning CA 92220 United States 2012-2-23 As Kilipaki Partners we are long time vacation rental owner on Kauai.

David Patterson Anchorage AK 99516 United States 2/23/2012 "We have owned our condo for almost 30 years and have gone the route of having it managed by a rental agency. It didn't take long to learn they get all of the money and the owner gets all of the bills. On top of the rental commission there are also recurring maintenance fees, appointment upgrade fees, monthly maintenance fees, etc., etc. We have an on island manager who also cleans our condo after rentals, prepares and opens it up for arriving guests, handles emergencies, and looks after it when it is not rented, checking it for leaks, putting furniture away when a storm is coming, and general oversight after any natural emergencies and power outages. We handle the booking on line and do our best to keep the prices fair and competitive. We pay our taxes and other fees etc. and without a mortgage that just about eats up the the rental fees we get. If we were required to manage the unit through a real estate agent or broker, we would no longer rent it. We would also apply to have it taxed as an owner occupied dwelling instead of a resort/hotel property which greatly reduces the tax burden . That takes away taxes from the county, advertising fees locally and nationally, a job from our manager, and fees away from our condo office managing assn. and make my life a lot simpler.

This legislation is a lose lose situation all the way around. Hearing the opinions of many of our rental colleagues I can only surmise it would also hurt the real estate agents in the long run.

If this legislation is being driven by the large hotel interests, they should realize that we are not the competition. The clients we have do not want to stay in a hotel and would not stay in one in the first place. They would go somewhere else just as many of our long time renters have, finding better deals only a few more flying hours beyond Hawaii."

Julie Roberts Kihei HI 96753 United States 2012-2-23 "I am very opposed to this proposed legislation. We have handled our own Maui vacation rentals for years and have always paid the Hawaii state taxes. It does not make sense that now we have to pay 30 or 40 percent for a licenced agent to handle our rentals. I sincerely hope this bill will not be passed, as many owners will sell, and real estate prices in Hawaii will go down yet again."

Glenda McCall Fort Collins CO 80525 United States 2/23/2012 I've owned a condo on Hawaii (Big Island) for 13 years. We've paid the transient and excise taxes every year. Property managers and real estate agents charge upward of 20% to manage and rent my property; plus they often want to regulate my use of my own property. Property values are already depressed in Hawaii. This will force more onto the market with further reductions. Who does this benefit...only the 'licensed real estate professionals'. This bill will hurt owners and the tourists that are looking for an economic way to enjoy paradise

Brian Boomars Kihei HI 96753 United States 2012-2-23 "This bill adds no value to the renter and just adds cost to the renters, which in turn deters people from travelling to Hawaii. If you want Hawaiian tourism to go down the drain then pass the Bill. If you want people to visit Hawaii and spend their vacation dollars at local businesses then scrap this stupid bill."

Sherron Bull Kailua Kona HI 96745-1294 United States 2/23/2012 "This bill would impose a horrendous financial burden on out-of-state owners that do vacation rentals and manage their own rentals through the use of VRBO, HomeAway, etc. Property Manager (real estate broker) fees can run from 25-50% of gross rental income, which is a huge loss of income for owners that are barely able to keep out of the red as it is with today's poor economy. Hawaii has been hit especially hard by the recession and there are no signs of relief. Many people will be unable to pay their mortgages, association fees (we pay \$1,100/month) and property taxes (we pay over \$6,000 a year), GET/TAT taxes (we paid over \$5,000 last year and it was a very poor year), and other expenses of maintaining their property. Hawaii is a very expensive place to maintain property.

If this bill passes, there will be many owners who will be forced into foreclosure or will have to sell their property. The real estate market is very poor in Kona and many of these properties will sell only at a significant loss. Those that do manage to stay in business will have to increase their rates exorbitantly just to keep up, which will further hurt the tourism industry..

This is totally unfair ""taxation without representation" as off-island owners cannot even vote the bums out. We live on-island but fully expect the legislature to apply this to on-island owners as well if this atrocious bill is passed. "

Ronald Dunham Murrieta CA 92563 United States 2012-2-23 "1) As a property owner I should have the right to rent my property to whoever I wish.

2) The bill benefits only special interest groups for monetary gain.

3) I previously rented the property through a property manager. Renting my self increased my occupancy rate significantly which also increased all the HI taxes I pay significantly. This is not in the HI state interest because it would decrease your tax revenues."

Tim Hailey Zephyr Cove NV 89448 United States 2/23/2012 "I strongly oppose HB 1707 and SB 2089. I have owned properties on Maui for 9 years that I rent out. I am licensed with the State of Hawaii and have GE/TA tax numbers. I am paying in about \$20,000 a year into the Hawaii State Tax revenue system. These bills are penalizing non-resident owners like me that are paying our taxes and following the letter of the law. Hawaii already has laws in place for owners that are not compliant with paying their GE/TA taxes. We don't need additional laws that are only going to hurt the economy.

Please don't penalize those that are paying our taxes. If these bills pass, a lot of owners like me will be forced out of business and into foreclosure which will not generate more tax revenues to the State of Hawaii. This bill is written to favor a few real estate companies in the islands that charge exorbitant

commissions for handling bookings. These commissions will negatively impact non-resident owners who already have a care taker and maintenance person overseeing their properties.

Please oppose HB 1707 and SB 2089 and use the laws that are already in place to receive tax revenues that are not being paid.

steve easley kihei HI 96753 United States 2012-2-24 This will drop property values dramatically!

dennis painter KAILUA KONA HI 96745 United States 2/24/2012 "Forcing a person to deal only with a selected group of people, the real estate brokers, etc., is unconstitutional! In the end the state of Hawaii will suffer economic losses a tourists decide to go elsewhere and the housing market is glutted with real estate that will prolong the existing economic down turn in the state. "

Tal Mashhadian San Jose CA 95120 United States 2012-2-24 "This will ultimately result in low tax revenue. Either the cost to the end user goes up- lowering the amount of renters, or the rental price will go down to mitigate the extra cost- again, lowering the actual tax revenue."

Denise Lewis Sparks NV 89436 United States 2/24/2012 "You will be taking away the rights of the people who own vacation homes in Hawaii. One should not be forced to pay for a service that one does not need and a service that these rental agents are not qualified for. Agents are not accountants, yet they will be responsible for submitting our taxes? This is absurd. I run my rental better than any agency possibly could and they will cause me to lose clients and money. I pay my fair share of taxes and as for those who don't, they will find a way to continue not paying. What politician got this bright idea? It's unconstitutional and discrimination. You cannot constitutionally force owners of real property to pay for unnecessary services. If this goes through, the State will lose even more than they already are. People are already having difficulty meeting their obligations. Do this and no one will be collecting or paying taxes. "

Lynette Poncin Kihei HI 96753 United States 2012-2-24 "This is insane. There is no way that I would let a third party manage my financial investments. I pay GE and TAT on a regular basis. If this bill passes, my condo would be put on the resale market or go into long term lease. I've dealt with Prop Mgmt companies in the past and it's not just the payment of taxes. It's screening potential guests, taking care of the interior supplies etc that have not met my standard."

Karen Moll Kihei HI 96753 United States 2/24/2012 "I think that nonresident owners should be allowed to choose who they are renting their units to, to adjust prices on the fly and to collect funds. It is the personal touch that is important in renting this type of unit. Owners that don't pay GE and TAT now will not sign up with a Real Estate Agent if this bill gets signed. The state will not be collecting any more taxes. Only the owners that pay taxes now will be penalized by having to give up control of their unit to a real estate agent that does not care. Don't fix something that is not broken."

Rebecca Mashhadian San Jose CA 95120 United States 2012-2-24 "Our family has one small rental condo, pays all our taxes, and could not afford hiring a real estate agent to collect the rents. This bill is designed to shut down small operators and turn the state over to megahotels. Please reconsider this terrible bill."

william falkenhainer La Canada CA 91011 United States 2/24/2012 "This bill would result in lower tax revenue as total rental income would be severely reduced . Property taxes would also be reduced as property values would decline even further than they have. Without direct rental income many owners would



**1. Chris Worley Salt Lake City UT 84109 United States 2/25/2012**  
Proposed Amendment to SB2089

The reasoning behind SB2089 is clearly twofold:

1. Help an ailing outdated industry (the property management middle man) that has been supplanted by small businesses on the Internet, and
2. As the state's tax collection folks are admittedly incapable of mining their own data, which would easily find tax cheats, absolve them of their responsibility and hope that local companies affected by the Internet business model will more effectively collect taxes.

Therefore, this is really not a Transient Accommodation bill; it is a revenue-generation and stimulus bill aimed at halting Internet-based businesses supplanting local businesses. Sales tax losses due to Internet sales dwarf any losses from GE/TAT transient rental losses. Given the estimated loss in state sales tax collection in the hundreds of millions of dollars, and billions in loss to local store sales due to Internet on-line tangible good sales, the following amendment is proposed to SB2089: Any off-island Internet/on-line business selling tangible goods to residents of Hawai'i must perform the monetary transaction through a local, on-island, licensed retail business who will collect the appropriate sales tax. For this service, the local business may charge the Internet business a fee of up to 50% of the purchase price of the goods.

Turning over our home to Real Estate Agents is unthinkable. I would sooner stop renting or sell my property before I'd let them take control. From what I've seen, they hire transients, increasing the risk of theft from our homes (and guests) once they have access; I'll never know who has access to my home. They rent to guests who think of our property as they would a hotel that they can trash without consequence. This proposal forbids the personal experience I give my guests. I did not buy my property in Kaua'i with this scenario in mind.

This is my home! I deserve control over who has access and who rents from me. I make a point of having a personal relationship with each and every guest before I ever accept their money. I help them plan their vacation. The way guests treat the property, knowing the owner, is much better than those who rent from some nebulous corporation (I have never had any issue with damage... that the guest hasn't repaired themselves... often bettering the property's condition). I get a great deal of satisfaction when I hear how much they enjoy my property and how fun their vacation is. I selected my housekeeper very carefully, and know she is trustworthy and hard-working and the only person who has access to my property (and receives the needed 1099). Now, you want to take that away! I will not let

you. It will not happen; whatever my legal recourse, the state will lose my GE/TAT taxes if this bill becomes law as written, even if it means I have to change my retirement plans dramatically (and not retire in Hawai'i).

Claims of Property Managers take range from 15% (from the Property Managers) to 50% (by the owners). My personal experience is that: while their base percentage is closer to 20% to 30%, when they add on all their additional fees it becomes half my revenue. This makes no sense: this bill would have me lose half my revenue to assure that I'm paying the 13.42% taxes that I'm already paying? This is unreasonable by anybody's measure. This will put more property on the market, in an economic climate where prices have already plummeted, and decrease lodging availability with fewer available rentals, and decrease the state tax revenues (both property tax due to lower valuations and GE/TAT taxes from decreased availability); the opposite of the intended effect.

The demise of property managers is inevitable in the evolution of capitalism given the Internet: removing the middle man. The Internet has made it possible for many new small businesses to be created where none previously could have existed. In this case, it has allowed middle-class folks like me to fund a future retirement in Hawai'i with a small vacation rental business to offset costs. This business model works efficiently and effectively as is. The intrusion proposed by this bill would completely destroy this business model.

This is a classic case of unnecessary regulation, choking small businesses, spurred by special interest.

An analogy: Internet sales have also decreased sales tax revenue (much more than transient accommodation tax). A similar argument/request could come from the brick-and-mortar stores, whose sales have declined due to Internet sales, requiring all on-island Internet sales go through them. They too must realize that the Internet has changed how the economy works, and it would be ridiculous to mandate the same sort of revenue stream you're promising the Property Managers to revive a dead middle man in the name of recouping whatever taxes aren't currently being paid.

Tax revenue is understandably important, but I don't think such a heavy burden on current small business revenue is warranted. There are other ways to find the tax cheats. For example, correlate the address information arriving visitors claim (when entering the state) with property ownership and GE/TAT records... simple data-mining programming of data you already have will find folks who aren't

paying taxes... there is other data you already have that you could mine to find similar information. If somebody is paying less than their neighbor's taxes, you could look on their VRBO or FlipKey advertising pages for their calendars and rates, and see if it jibes with what they are paying in taxes (knowing that discounts are often given to attract guests... for example, my average charge per day in 2011 was about  $\frac{3}{4}$  of my maximum nightly charge listed on the internet)... i.e. two equally valued properties in the same area should be paying equivalent taxes proportional to their calendar derived occupancy. Simple data mining of existing tax (and web-crawled) data. Maybe the tax collection department needs the expertise to organize and mine the data appropriately; that's a much simpler fix.

Local emergency numbers are important too. I do have two people on-island whose numbers I provide to my guests and are available 24/7 should disaster strike (and it has, once). This is important, and I'm not against a regulation that there be a local emergency number for guests to call, but not a real-estate agent (i.e. have people who will actually be able to do something constructive about the issue). I think this too can be regulated without destroying the currently working business model as proposed.

Before ruining my business, I plea that you gather empirical data on the claims being made against our business model:

1. How much tax is being lost?
2. How much could be recovered with this solution?
3. How much tax revenue might be lost by implementing this solution (both GE/TAT and property taxes due to lowered availability and valuations)?
4. What would it take for the tax commission to gain the expertise needed to mine their existing data and/or web crawl for internet-mined data?
5. How much revenue could be recovered/lost via other solutions?
6. How much will this solution really cost our small businesses?
7. How many of these businesses will fold and lose their property and investment if this bill is passed?
8. How many of these small businesses might choose to remove their property from the rental market because of this bill?
9. How many vacation rentals will go up for sale because of this bill?
10. How much might this effect the price paid by guests (when the supply of rentals decrease)?
11. How will the glut of new properties on the already depressed real estate market further affect prices?

12. How will the lower property values caused by this bill effect property tax revenues?

Having some understanding of the effects of this bill is important before writing it into law. Anecdotes and conjecture are plentiful, but need hard evidence to back them up or discount them. You're not only taking away my ability to do business, you're taking away a labor of love, and destroying my retirement plans. You should seriously consider the effects this bill will have, and vote against it.

**2. Ann Curran Los Angeles CA 90068 United States 2/25/2012**

There are many reason for finding this bill unless to the public warfare. It was devised by a group of real estate professionals. A group that had it's self centered interests in mind in a tough real estate market. This will force some unscrupulous owners to go underground to avoid new unnecessary fees from required private individuals and in the process cause the State of Hawaii t lose a very important source of funds. There are mechanisms in place to punish those who avoid taxes. This new legislation will not increase the flow of funds to the state. By adding new cost to the current charges made by owners, will only send some of the short term renters to other warm, tropical, ocean oriented vacation spots.

**3. Marsha Vaughn Richmond CA 94804 United States 2/25/2012**

This bill and the two others like it will effectively destroy many small businesses (condo and home renters) in the state of Hawaii in the guise of collecting taxes. In fact, it is designed to boost the large rental management agencies income.

**4. Marilyn Leland Anchorage AK 99503 United States 2/25/2012**

I own a condo on Maui that is well managed and brings thousands of dollars into the Hawaii economy both through the Hawaiians I hire to clean and maintain the unit and the taxes that I pay to Hawaii in full and on time. This bill is not necessary. Please increase enforcement of the existing laws! That is the real answer to whatever problem exists so that Hawaii receives all of the taxes it is entitled to.

**5. Tim Hailey South Lake Tahoe, CA 96150 United States 2/25/2012**

I strongly oppose SB 2089 and HB 1706. I have owned properties on Maui for 9 years that I rent out as short-term vacation rentals. I am licensed with the State of Hawaii and have GE/TA tax numbers. I am paying in approximately \$20,000 a year into the Hawaii State Tax revenue system. These bills are penalizing non-resident owners like me that are paying our taxes and following the letter of the law. Hawaii already has laws in place for owners that are not compliant with

paying their GE/TA taxes. We don't need additional laws that are only going to hurt the economy. What you are trying to do is actually un-constitutional.

Please don't penalize those that are paying our taxes. If these bills pass, a lot of owners like me will be forced out of business and into foreclosure which will not generate more tax revenues to the State of Hawaii. This bill is written to favor a few real estate companies in the islands that charge exorbitant commissions for handling bookings. These commissions will negatively impact non-resident owners who already have a care taker and maintenance person overseeing their properties. Also, property managers don't maintain our properties very well. They put un-screened guests into our units that trash the place and de-value our investment in Hawaii. This bill is only going to drive away the tens of thousands of visitors that rent directly from owners because they have a positive experience and save some money on the nightly rates which allows more families to visit Hawaii which generates more revenue for the state. This bill will force thousands of non-resident owners to sell their investments in Hawaii or go in to foreclosure. We are all barely making it as it is. If we are forced to pay 25 - 50% commissions for lackluster services, most of us will have to cash out and re-invest our money somewhere else. So, I ask you, how does this help the economy in Hawaii which is already so fragile?

Please oppose SB 2089 and HB 1706 and use the laws that are already in place to receive tax revenues that are not being paid.

**6. Neal Halstead Calgary AA T3H 3B1 Canada 2/25/2012**

This is an unnecessary restriction of trade and attempt by the real estate agents to create a monopoly.

**7. Vicky Hailey South Lake Tahoe CA 96150 United States 2/25/2012**

I strongly oppose SB 2089 and HB 1706. I have owned properties on Maui for 9 years that I rent out as short-term vacation rentals. I am licensed with the State of Hawaii and have GE/TA tax numbers. I am paying in approximately \$20,000 a year into the Hawaii State Tax revenue system. These bills are penalizing non-resident owners like me that are paying our taxes and following the letter of the law. Hawaii already has laws in place for owners that are not compliant with paying their GE/TA taxes. We don't need additional laws that are only going to hurt the economy. What you are trying to do is actually un-constitutional.

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generate more tax revenues to the State of Hawaii. This bill is written to favor a few real estate companies in the islands that charge exorbitant commissions for handling bookings. These commissions will negatively impact non-resident owners who already have a care taker and maintenance person overseeing their properties. Also, property managers don't maintain our properties very well. They put un-screened guests into our units that trash the place and de-value our investment in Hawaii. This bill is only going to drive away the tens of thousands of visitors that rent directly from owners because they have a positive experience and save some money on the nightly rates which allows more families to visit Hawaii which generates more revenue for the state. This bill will force thousands of non-resident owners to sell their investments in Hawaii or go in to foreclosure. We are all barely making it as it is. If we are forced to pay 25 - 50% commissions for lackluster services, most of us will have to cash out and re-invest our money somewhere else. So, I ask you, how does this help the economy in Hawaii which is already so fragile?

Please oppose SB 2089 and HB 1706 and use the laws that are already in place to receive tax revenues that are not being paid.

**8. Gerald Johnson      Kihei HI      96753 United States      2/25/2012**

I believe this descriminates against licensed non-residents. I am a tax-abiding citizen. The anormous increase in cost to add this agent would force me to sell. If so, all my licensed help would lose their jobs. Vacationers could no longer find reasonably priced lodging, with a drop off in tourism. Others, like me, would flood the real estate sales market. This would hurt Hawaii, more than help. There are Tax rules! Enforce them!

**9. Ann Curran      Los AngelesCA      90068      United States      2/25/2012**

There are many reason for finding this bill unless to the public warfare. It was devised by a group of real estate professionals. A group that had it's self centered interests in mind in a tough real estate market. This will force some unscrupulous owners to go underground to avoid new unnecessary fees from required private individuals and in the process cause the State of Hawaii t lose a very important source of funds. There are mechanisms in place to punish those who avoid taxes. This new legislation will not increase the flow of funds to the state. By adding new cost to the current charges made by owners, will only send some of the short term renters to other warm, tropical, ocean oriented vacation spots.

**10. Meredith Johnson      Kihei HI      96753 United States      2/25/2012**

I am signing for countless reasons. This descriminates against the licensed non-resident, and the small businessman. It's another Government knows best issue. Makes me go from being an active part of my business to passive. There are many reasons why I am against this! From the heart, though, this was my husband and my retirement dream.....to own a small condo in Maui and rent it when we aren't there. We are licensed. We pay GE & TA. We pay non-resident taxes. Our cleaning lady is licensed/insured and bonded. We send 1099-Misc. out and we are a small business! We are available 24/7 and love communicating and sharing our condo with guests who could otherwise not afford to come to Maui. Now.....we have to turn our business over to an uncaring realtor? We would have to increase the cost of the condo, just to cover their ridiculous fees. Unfortunately, we would have to sell our dream, along with all the other small business people. The market would be flooded. There are laws governing paying TA and GE Taxes. Enforce them! Don't hurt the small business people.

**11. Mackenzie Coombes Kihei, Maui, HI 96753 United States 2/25/2011**

If owners have to pay agents 25% or more the owners will have to pass these costs onto the renters, thus making it too expensive to travel to Hawaii. Hawaii was in trouble the past few years, why create something that will deter tourists from coming. Tourists are what keep the island going.

**12. Nancy Norman Wailuku HI 96793 United States 2/25/2012**

Please do not pass SB 2089 nor HB 1706. I own property on Maui which I rent out for vacation rentals. I am licensed with the State of Hawaii, have the requisite Hawaii tax ID numbers, and pay the Transient and General Excise taxes quarterly as I am required to. If I am required to book only through a property manager, it will significantly reduce the income I am able to generate and thus will reduce the amount of taxes I pay to the state of Hawaii. I strongly oppose this legislation and urge you to do the same.

**13. Brooke & Sandra Boswell Wailea Makena HI 96753 United States 2/25/2012**

We are writing as long time Hawaii taxpayers and seniors adversely affected by proposal HB 1707, 1706 and SB2806. We have owned and self managed our condo since 1974, at which time we obtained a tax number. Since then we have paid approximately \$300,000.00 in excise and transient accommodation taxes, having filed tax returns every month since. We have also paid yearly higher than resident property taxes because we live off island most of the year. We have never had a major instance with unhappy guests and only a few times where the on site

manager was needed. Existing laws and means already require rental owners to pay taxes and have on island contacts for emergencies. Other valid reasons why this type of regulation badly affects everyone has been addressed by others on this petition. These proposals are an assault against private property owner's rights and honest people. Don't throw the baby out with the bathwater by subjecting responsible taxpayer owners to another layer of expense. State agencies have current means to correct any wrong doings.

If any of these regulations pass we will strongly consider not renting our beloved and hard earned unit rather than be forced to turn over any management to agents where the integrity of our unit is compromised. We will also look to other more friendly warm weather states where we can spend our time and money. Thank your for your time and considertion in this important matter.

**14. Jeffrey Jarrett      New Hope PA    18938 United States    2/25/2012**

I pay my GE and TA Hawaii taxes. I am never late. If the real estate agents want \$\$\$ from a rental they should buy one. I WILL take my case to the supreme court if need be. The elected officials should not have to wasting their time with such an unconstutional bill.

**15. Andy Starkie Morro Bay CA    93442 United States    2/25/2012**

Have the Hawaiian legislators fully thought through the repercussions of SB 2089 if it becomes law? By forcing me to pay for an on-island management company/realtor to manage my rentals, you are completely destroying me and my business (and many others like me). I completely oppose this law and when you think long and hard about how it may effect Hawaii's economy, I am confident you will realize it is NOT the answer. This law takes away my freedom of choice. And it discriminates between residents and non-residents.

I love Hawaii and have been going there since the early 1970s. I purchased 2 vacation rental homes in 2004 on the east side of the Big Island, and have had them as successful vacation rentals since then. I have lots of satisfied and repeat guests. If I were to depend on one of the East Hawaii vacation rental management companies to keep my homes booked, I would not be nearly as booked as I am by doing it myself. I LOVE what I do, and now you are trying to take it away from me. I paid the state of Hawaii over \$10,000 in TA taxes in 2011. My homes are affordably priced (not like the very expensive West Hawaii properties).I employ a wonderful, hardworking Hawaiian couple who take care of my homes as if they were their own. You don't think a management company will do that, do you? And I pay them nicely! A win- win for both of us. I know many mainlanders who



have Hawaii homes and do exactly what I do because we LOVE Hawaii. Why are you trying to force us to go through a management company when what we do completely benefits the state of Hawaii and tourism. And we are completely abiding by the current TA & GE laws. If this law goes into effect, the repercussions will be most unfortunate for the state of Hawaii. You will see more foreclosures, more homes for sale in an already depressed real estate market. This law if enacted is taking away my rights as a homeowner to know who is in my home. When I rent my home, I may not physically meet my guest, but by the time I have made the reservation, we have had many emails, phone conversations, etc. Why would I spend 40% of my gross to do what I can do myself and I enjoy doing?? I won't do that and lots of others won't do it either, and so we most likely will be selling or losing our properties. You will find that most property owners who do their own bookings off island (like I do) truly care about their homes and Hawaii and their guests. This is the reason we have chosen not to use a management company. We continually make improvements on our homes (I recently added solar panels to one of my homes).. This law if passed will mandate me to trust a management company with my homes, my guests, and my money. I'm sorry, but I trust myself and from what I have seen, this is the only way to go. If you see who is behind this law, it is the Hawaii management companies who are now not able to make ends meet because homeowners (both resident and non-resident) have decided that they can book their own homes, hire their own on-island help, and do things much more efficiently than the property managers. The competition has become too hard for them to handle, so they think by disguising this as an unpaid tax issue, they can force non-residents to hire them to manage our money. Bottom line is, competition is good for the economy. These people are not changing with the times and the fact that the internet has made it possible for homeowners (both resident and non-resident) to rent their homes. No other state has such a ridiculous law taking away the free choice of homeowners to manage their own property. The proponents of the law also imply that non-resident homeowners are not reporting their income from these rentals. Where are the facts to substantiate that?? I rent my homes, report my income, and pay my taxes, as I bet most people do. And those that don't, the department of taxation should find. But by punishing me when I do the right thing - promote tourism, rent nice homes, and pay my taxes, this will not solve Hawaii's problems.

SB 2089 is WRONG and not the solution to Hawaii's problems. The non-resident vacation homeowner is one of the state's assets. Who is promoting this insane legislation? It must be the Hawaii realtors ??

If it is about not paying taxes, there are already ways to find out who is not paying taxes. And I would imagine there are about an equal amount of cheaters that are residents as non-residents. Enforce the laws that are already in effect. Don't pass new laws that will ultimately hurt your state, which this bill most certainly will do.

Pat Starkie

<http://www.bigislandhawaiiivacationhomes.com>

[www.bigislandhawaiiivacationhomes.com](http://www.bigislandhawaiiivacationhomes.com)

805-225-1552 805-234-4166

**16. James Johnston Janesville CA 96114 United States 2/25/2012**

SB 2089 will foreclose the rights of vacation rental owners to manage their private property, benefiting from their labor and treasure. My investments will no longer be sustainable, requiring me to sell my Hawaii property in a depressed market that the law would exacerbate. I will not, nor can I, financially support the pack of liars and thieves that want to profit from my labor and treasure in building a successful enterprise.

**17. Ross Jasper Chandler AZ 85226-2161 United States 2/26/2012**

We lived on Oahu for 25 years before moving to the mainland to be with our children. We are original owners of a condominium in Kihei. I was the first president of the AOA serving for 7 years. Having owned properties on both Oahu and Maui, I am intimately familiar with how the rental market works (rental management companies and Realtors). From my experience, owners who handle the rental of their property themselves generally:

1. Maintain it in better condition which increases occupancy and fosters the Aloha spirit with visitors to Hawaii and generates return visits.
2. Enjoy better occupancy and therefore pay more GET and TAT to the State of Hawaii.
3. Help to maintain and increase the value of each unit in complex by making the purchase of the property more attractive to buyers thereby supporting increased sales prices and property tax valuations.

SB2089 appears to have been drafted to support special interests and seems more punitive (\$1000 fines and revenue reducing to owners due to added fees and commissions) than fiscally productive for the State of Hawaii. If owners who handle the rental of their property themselves have to turn their property over to real estate brokers or sales people or property management companies, the State of Hawaii will lose much needed revenue without any real rationale. This will result from a number of causes: owners turning their units into long term rentals

thereby not having to pay TAT; decreased TAT and GET due to lower occupancy as visitors look to other venues for better value as owners are forced to increase rates due to added fees and commissions; and stagnant or lower property values as buyers look elsewhere for a better return on their investments.

There is an old business expression if it ain't broke don't fix it. SB2089 will not fix anything. Claims that the State of Hawaii is losing millions of dollars in tax revenue is totally without foundation. SB2089 is not equitable to non-resident property owners or beneficial to the State of Hawaii. It is in fact, just the opposite.

**18. Harry Avila Kailua Kona HI 96740 United States 2/26/2012**

SB 2089 is wholly unfair to we senior Hawaiian residents who depend upon income from our home when we visit our children and grandchildren on the mainland. I pay my taxes and now you, the Hawaiian Legislature, has decided to discriminate against me. I will be watching who supports this bill!! Kick the B..... out of office who sell out to the Lobbyists.

**19. Kenneth Green Holmes Beach, FL 34217 United States 2/26/2012**

I testified before that House on Representatives this week against HB1707. I own a condo in Maui since 2004. Initially I rented through Chase-N-Rainbows and paid 40% fees to have them advertise and rent our condo. I supplemented their rentals by advertising on VRBO. Within 3 months I was booking more rentals and charged about 10% less than the realtor. I have paid my TAT and GET since taking over the rentals. I believe that the state is not receiving taxes from all to the renters however forcing the estimated 10,000 owners who rent directly to use a realtor will have a negative effect on the taxes and revenues.

We, the owners of rental property, (condo hotel in my case) pay significantly higher property tax.

- First, does anyone really think that the realtor can, by July, handle the addition of 10,000 rental units?
- Second, I will have to sell my condo, and at a loss, because the cost of the middle man (realtor who will charge 20-30%) will reduce my income to a point that I cannot afford to keep it.

I am sure that there will be many owners who will also have to sell. There will be a glut of real-estate added to an already soft market and prices and assessed values will decline. Some will have to short sell or may even default on their mortgages having an even more devastating impact.

I propose that owners are required to display their tax ID numbers on all internet sites allowing the state to verify whether the taxes paid or not paid. Please do not

inflict this unfair financial burden on the thousands of owner of rental property in Hawaii.

**20. Lance Henry Richmond CA 94805 United States 2/26/2012**

It is totally unfair and wrong to take away someones ability to buy own and rent out their own property independantly. if people were to want a property management company that should be at thier own choice not to be forced upon someone! after all this is America land of the free!

**21. Rebecca Quigley Waialua HI 96791 United States 2/26/2012**

I oppose because I feel owners offer a personal touch and should be allowed to manage their own properties. Try going after the individuals that do not pay and dont penalize the ones that do. This was not the preface in which many owners purchased their properties & will greatly hurt the Hawaii economy as it will force many owners to sell at low prices.

**22. Linda Miller Richmond CA 94804 United States 2/26/2012**

There is no benefit to requiring the involvement of agents. The increase in cost to renters will deter visitors and hurt the economy.

**23. Craig Dunn Mission Viejo CA 92692 United States 2/26/2012**

If I have to pay an agent a commission to book accommodations that are secured by myself through internet promotion that I pay for, I will no longer even come close to breaking even on my condo rental business. I pay over \$2000/year in TAT and GE taxes. While I am not a Hawaiian resident, do not make the mistake of thinking that I do not pay Hawaiian taxes. It is obvious to all vacation rental owners that the real estate lobby has secured prominent special interest status in Hawaii. The proposed legislation is simply not fair to owners of vacaaion rental property in Hawaii, and I strongly oppose the proposed legislation,

**24. Steven Voit Kailua- Kona HI 96740 United States 2/26/2012**

I strongly oppose SB 2089 and HB 1706. My wife and I own a vacation rental condo and are registered to pay the GE/TA taxes. We pay our taxes fully and on time. If this bill passes, and we are forced to pay a real estate agent 25% of our rental income, this condo will become unaffordable to us, and we will be forced to sell it. We will discontinue vacationing in Hawaii and take our substantial vacation business to another state. Please oppose this bill.

**25. Patrick Quigley Waialua HI 96791 United States 2/26/2012**

My wife and I have a valid GET & TAT tax license from the state of Hawaii to report and pay which we do on-line as required. To change the rules is unfair to many property owners and is a ploy undoubtedly devised by Realtors. I do not want someone else to represent my property as they have no vested interest in it. This bill is an outrage and will do nothing but hurt Hawaii revenue!

**26. Eva Tomlinson San Francisco, CA 94123 United States 2/26/2012**  
I strongly opposed Sb 2089 and HB 1706. Please rental cost will go up which will keep renters away.

**27. Eugene Sakai San Jose CA 95125 United States 2/26/2012**  
unfair to owners who abide by the law

**28. Betty Sakai San Jose CA 95125 United States 2/26/2012**  
Will drive law-abiding owners out of HI

**29. Paul Shaffer Kapolei HI 96707 United States 2/26/2012**  
This is clearly unconstitutional legislation

**30. Andrea Butter Menlo Park CA 94025 United States 2/26/2012**  
The unintended consequences of this bill will be devastating to real estate values as well as the tourism industry in Hawaii

**31. Michael Hatley Manhattan Beach, CA 90266 United States 2/26/2012**  
Please do not pass SB 2089 or HB 1706. These bills will have devastating unintended consequences. We, like most nonresident property owners, collect and pay the TAT and GET as required by law. We hire local residents to clean the property after each rental and to be a contact in case anything goes wrong. If we are required to hire a property manager, we will be forced to pay out up to 40% of our rental income for this service. We will also lose control over who rents our property, something we don't like at all. The reduction in our income will make it likely that we either stop renting our property out altogether because the meager income won't offset the wear and tear on our unit, which will reduce TAT and GET revenue for the state, as well as the income our local contractors receive, or we will be forced to sell the property. I would suspect that there are many others like us that would also consider selling their properties. This will depress property values and property tax revenues for the state. Finally, for those of us that devote their full time work to renting out their property, you will deny us the opportunity to take a tax deduction for the passive losses we incur. This is unfair and unwise policy.

**32. Elen Stoops Fremont CA 94539 United States 2/26/2012**

Please do not pass SB2089 or HB1707. These bills will cause harm to the state's economy. They will remove from the market well run desirable rentals for vacationers. SB2089 and HB1707 will cause significant financial harm to the individuals affected including the owners as well as the associated local businesses that support the vacation rental business.

The proposed bills show current and future business investors that Hawaii is not a business friendly state. The effect of these are to reallocate financial resources in a highly disruptive manner that does not create economic value for the state, the visitor, the owner/investor or associated businesses. Pre-sale buyers of 2nd homes who have caught word of this legislation who are now hesitating with purchases.

Small business owners are motivated to offer a well run and highly desirable rental. By personal economic necessity they have a long term view. They rely on the good reputation of their rental unit and their interactions with their guests. This category of responsible owners who have kept their properties in proper repair and maintenance, if forced to give away 20-40% of Gross Revenues will no longer have funds for upgrading a kitchen, replacing worn furnishings, the mattress, etc. This will affect the visitors and this will affect the local economy that depends on vacation rental related services and supplies.

My housekeeper reports an overall comparison between properties she cleans, those self managed vs. those run by property managers. Her observation is that self-managed units are kept in better condition and have higher occupancy rates than the ones left to be run by property managers.

Vacation rental owners already operate on small (or perhaps no) margins due to the high costs of ownership and the competitive environment for attracting visitors. What is the likely outcome when asking any individual or small business to deal with a sudden permanent reduction of 20-40% from the gross revenue? These owners will shift from manageable to a non-sustainable business loss for the foreseeable future. Those who do not have the funds to handle this will be forced to sell. Anyone who purchased in 2004 or more recently are likely owing more than what they paid - short sales and foreclosures a likely outcome.

Property managers do not ensure good results for either vacationers or the owner. My vacation rental which I gutted and remodeled after purchase was initially run through a property management program. The deterioration of the condition of

the unit was unacceptable to me to the point that I when I visited I did not wish to stay there. More importantly I did not wish for my guests to have paid for a vacation there either. Since I have left the program to self manage the unit is maintained in impeccable condition. I now have the choice to determine who is in my unit. I get to know each guest personally and they get to know me before a decision to rent is made. I am the best and most concerned person (as opposed to a 3rd party) to make good choices about how my investment is treated. Perhaps misguided but I feel my right to self determination is violated when I no longer have the right to say how my home is used.

Under the property management my occupancy rate was too low. Comparing one year before leaving the property management firm to self-manage and one year after: Occupancy rate increased 27%, gross rental income increased 54%, average nightly rate increased 1%. The years in comparison are 2007 (a great economy) and 2009 (a poor economy).

Please alternatively direct vacation rental owners that it is only legal to advertise their units with their tax id's posted and then enforce the existing tax codes. The state has already shown the ability seek out and enforce code with unlicensed rentals so these same resources can be used to ensure compliance.

People have choice in where they vacation and where they invest. They choose from the alternatives that best meet their needs. Hawaii needs to compete for its tourism and investment dollars.

Oppose SB2089 and HB 1707. There is no need for creating new legislation that only serves a small group of individuals at the expense of harming a much larger group of people. Hawaii's vacation rental owners love Hawaii and hope we can continue to support its future.

**33. Gail Baker Truckee CA 96161 United States 2/26/2012**

I am signing because the Bill is unconstitutional and discriminatory against off island homeowners. This bill will cause an incredible amount of foreclosures and short sales to flood the market when the market is just starting to make a small recovery from the last real estate bust. It will force many people to sell their properties when they have lost up to 50% of the value of their property. It will also continue to dampen the real estate market as investors will go elsewhere to purchase a property because it won't be affordable. This bill only helps the few management companies that have done a terrible job of managing properties and over charged the homeowners up to 50%.

**34. Richard Waugh Kamuela HI 96743 United States 2/26/2012**

If enacted, the proposed legislation will provide property managers with a significant and unfair competitive advantage in the vacation rental market, and add an extraordinary expense, with no value-added, to small business owner-operators who contribute significant economic benefits to Hawaii.

This Bill is unconstitutional discrimination against non-resident property owners by the State. The Bill also violates our most basic fundamental right to own and dispose of privately-held property including the right to use, sell, rent as we see fit, mortgage, transfer, exchange or destroy, or to exclude others from doing these things with our property.

This Bill violates the United States Antitrust law. It not only represents a restraint of trade on independent owner-operators, it will offer property managers a significant and unfair competitive advantage while creating a monopoly and hurting consumers. Property managers in Hawaii typically charge homeowners 30%-50% or more of gross rental receipts (and, in some cases, rental receipts plus the TAT and GET), have seen their market share diminish to the point that lobbying politicians is their only solution to competition from legitimate, independent owner operators of vacation rentals.

**35. Teresa Wood Wailuku HI 96793 United States 2/26/2012**

This bill serves no one except realtors. Home owners, cleaning staff and vacationers will definitely be the losers. Although I live on Maui now, I rented out my vacation property here for several years using a friend as my resident manager. I paid all transient and GET taxes without needing a realtor. I very strongly oppose this bill. There will be many unintended consequences if it passes.

**36. Karen Howard Redwood Shores, CA 94065 United States 2/27/2012**

My husband and I strongly OPPOSE SB 2089. We are residents of California but own a vacation rental property in Kaua'i. We dutifully pay our HI GET and TAX taxes every quarter. This bill will not help the state of Hawaii find those who are guilty of not paying their required taxes. It will only force those of who do follow the rules to raise our rental rates (to cover the cost of the real estate/property mgmt company), which will decrease the number of bookings we are able to realize. Our revenue, and those the state's, will thus decrease.

The state needs to instead focus on how to track down those who are not paying their taxes. Introducing a middle man (in the form of a real estate broker) does not



add any value to the current process. We offer our renters an unsurpassed experience, and they return to rent again and tell their friends and family to do so. Putting a real estate agent in the middle does not help with the guests' experience and will not bring the state more revenue.

This bill must NOT be passed. It will have severe, unintended consequences! It will not help the state realize lost revenue from taxes.

**37. Nina Nychyporuk Kamuela HI 96743 United States 2/27/2012**  
SB2089 is unconstitutional discrimination against non-resident property owners. The Bill violates the most basic and fundamental right to own and dispose of privately-held property, including the right to use, sell, rent as we see fit, mortgage, transfer, exchange or destroy, or to exclude others from doing these things to our property.

This Bill also violates United States antitrust law. The legislation imposes a restraint of trade on independent owner-operators by granting property managers and realtors the exclusive right to market vacation rental properties in Hawaii. This Bill will harm consumers by limiting competition and restricting their choice, and create a significant and unfair competitive advantage for a small but powerful cartel of property managers and realtors. From our own personal experience, we know that property managers and realtors in Hawaii charge homeowners a management fee between 30%-50% or more of gross rental revenue (and, in some cases, rental revenue plus the TAT and GET).

Property managers and realtors who support this Bill argue that the internet has ruined their business. One could also say that mass production of automobiles ruined the horse and buggy industry. They claim, without providing any independent, quantitative or verifiable evidence, that independent owner-operators undercut their nightly rates by 1/3. Yes, the internet has impacted the tourism industry's vacation rental sector by lowering prices for consumers and distribution costs for vendors. Again, it is not the role of state legislators to interfere with competition in the marketplace. Hawaii state legislators have no power to turn back the clock, or to legislate away market forces that are dynamic, competitive and responsive to innovation and technology.

The Department of Taxation's unfortunate position on this issue is that they are not in the business of web crawling to audit non-resident, independent owner-operators of vacation rentals who market their properties on the intranet. If the Department of Taxation is not in the business of tax collection, then the state

legislature has a far more serious problem to address. The existing legal and regulatory framework has numerous provisions that grant tax officials the authority to enforce compliance. Whether the problem is a lack of resources or a lack of competence (or a combination of both), it is obvious that state legislators need to remind the Department of Taxation to adapt to the realities of the marketplace and do its job.

**38. Lawrence Leith Sheridan OR 97378 United States 2/27/2012**

I am a recent Maui condo owner and aquired our Hawaii tax ID before renting our unit. We have rented from owners for many years prior to purchasing our unit and every one collected tax. Only the law abiding owners will sign up with realtors, the owners who rent illegally will continue to do so. This bill also gives multiple unit owner realtors and realty compainies an unfair advantage. More regulation and reduced property rights are NOT THE ANSWER to illegal rentals.

**39. John Dennehy, West Hollywood, CA, 90046, United States, 2/26/2012**

My dear friend owns property which she rents in Hawaii. She pays her taxes. This bill will create an unfair burden on her.

**Paul Ziff Houston TX 77056 United States 2/27/2012**

I am an owner of a rental property in Maui and have been renting it out for 12 years, paying GE and TAT monthly and have many repeat guests and new ones all the time. If this bill passes the number of units available for tourists will be drastically reduced and cause market rates of remaining accommodation to increase reducing tourism and putting more of a strain on the taxpayers left. Do NOT pass this bill - it will hurt HAWAII MORE THAN IT COULD POSSIBLY HELP THE REAL ESTATE INDUSTRY - THE ONLY ONES TO BENEFIT.

**linsay adams lahaina HI 96761 United States 2/27/2012**

I OPPOSE this bill because I am a law-abiding tax paying US citizen, Hawaii full time resident and I do in fact believe in my constitutional rights. My main concern is the wording through a real estate broker or salesperson licensed under chapter 467

Paying taxes is what everyone should do. Taxes are part of what help makes this country so great and keep it great. With taxes schools, roads, military and the like get taken care of. We pay taxes and the The Internal Revenue Service is responsible for enforcing the tax law, for collecting taxes, for processing tax returns, for issuing tax refunds, and for turning over the money collected to the US Treasury. REAL ESTATE AGENTS are NOT an agency of the government responsible to ensure people pay their taxes.

I work for an interior designer/vacation rental specialist and this bill being passed as it is currently written would directly negatively affect me. Our business does not have our real estate license and we do an amazing job without one. We are properly licensed with the State of Hawaii, have our Hawaii tax i.d. number, and pay the TAT and GE taxes quarterly as required to do so. Is that not the major 'reasoning' behind this bill? I personally do not understand how having a real estate license makes you more capable of paying taxes..do you? I have always paid my income taxes and never had a real estate agent help me with that,just saying.

In addition we do not charge the up-surd fees that management companies generally do. We are attentive to our few properties and create a genuinely comfortable experience for our guests who as a result return to Hawaii time and time again. This creates profit for the state of Hawaii. Big time management companies do not do this...they worry about themselves an the size of their pocketbooks,often neglecting the properties they manage.

If this bill passes it will drive prices across the board up, in so doing force people who are thinking about vacationing in Hawaii to go else where. It will also make owning impossible for people who use their properties as vacation rentals to help supplement their mortgage.

Even worse, this bill falls far outside of the proper role of government and it infringes heavily upon property owner's rights. It will drive potential real estate buyers away from Hawaii, in short forcing our already failing market down even further.

Please do NOT let this bill pass.

Mahalo for your kokua.

**Terri SmithLittleton CO 80127United States 2/27/2012**

My husband and I are strongly opposed to this bill. We own a condo on Maui, and always pay our GE and TAT taxes faithfully. It was the real estate industry that coerced us in to a horrible loan situation, and if this bill passes, they are going to force us to lose our property by taking away our freedom to rent our property on our own thereby encumbering us with extra costs that we cannot afford.