

UNITE HERE!

LOCAL 5 HAWAII

Eric Gill, Financial Secretary-Treasurer

Hernando Ramos Tan, President

Godfrey Maeshiro, Senior Vice-President

Friday, March 14, 2014

The Honorable Tom Brower, Chair
and Members
House Committee on Tourism
Hawaii State Legislature

*TESTIMONY submitted on behalf of UNITE HERE! Local 5
Re: HCR 171 & HR 130*

Chair Brower and members:

UNITE HERE Local 5 is a local labor organization representing 10,000 hotel, health care and food service workers employed throughout our State. We offer this testimony to share with you our intent and motivation for raising what we believe is a concern we must begin to tackle as a community.

We stand in strong support of H.C.R. 171 & H.R. 130.

Both resolutions would urge the County Councils to enact legislation that addresses the concerns associated with the conversion of traditional resort hotel rooms into non-traditional lodging units such as condominium hotels.

The continued prosperity we can hope to benefit from as it relates to the success and future of tourism is one that we are all vested in. We are here today because we want to continue to be part of the solution in helping Hawai'i reach its full potential as both a top visitor destination and the best place to continue to raise our families.

As we all know, tourism is the State's dominant industry. It accounts for nearly 22% of the State's gross domestic product generating \$14.5 billion in 2013 visitor expenditures and \$1.5 billion in tax revenue. This is revenue that we – constituents and the State alike - directly benefit from.

Good jobs here mean money spent here and taxes paid here - a better life here.

Fewer traditional hotel rooms means fewer good jobs. Less income tax, less transient accommodations tax, and less general excise tax mean less of a future for all of us – it makes it harder to save, to own a home, to spend money at local businesses, to fund the government services and programs we all need, and attract proper investments in tourism development.

Tourism is what we have. The investment we make as a community and as taxpayers towards tourism is substantial, but are we getting a good return on our investment?

- The State Legislature allocates \$71 million in 2013 in order to brand, market and continue to keep Hawai'i's tourism industry successful
- Our City and State continue to approve project after project worth billions of dollars in revenue for the banks and developers.

But

- Between 2006 and 2011: 3,250 jobs lost overall in the accommodations sector resulting in a loss of \$34 million each year in income tax revenue alone.
- For every job lost in hotel. 1+ lost somewhere else in community.

Non-traditional lodging units growing.

- In last 10 years, the State lost 15% of traditional resort hotel rooms.
- Non-traditional/individual vacation units increased by 821% (at least what is known).
- Non-traditional units are hard to regulate.

Ownership in the industry has changed. Investment in non-traditional lodging units have grown, the industry remains profitable but we keep losing hotel rooms and good local jobs.

- The iconic Ilikai Hotel in Waikiki less than 60 jobs remain where one more than 500 jobs existed due to the loss of and conversion of traditional resort hotel rooms to condominium and timeshare units
- Losing our hotel rooms to condotel and timeshares:
 - o Ohana Hobron (aka The Windsor) – 681 hotel to 181 condo (2003)
 - o Ohana Surf Hotel (aka The Ohi'a) – 251 hotel to student housing (2003)
 - o Diamond Head Beach Hotel – 62 hotel to 33 residences/IVU & 26 condotel
 - o Hawaiian Monarch Hotel – 241 hotel to 386 IVU/Condo & 53 hotel
 - o Ohana Islander (aka Grand Hilton Waikiki Beach) – 243 hotel to 143 timeshare (2003)
 - o Ohana Ala Wai Tower (aka Aqua Marina) – 167 hotel to 136 condotel
 - o Aqua Bamboo – 91 hotel to 91 condotel
 - o Aston Parkside (aka Waikiki Palms) – 250 hotel to 263 condotel
 - o Waikiki Terrace (aka Outrigger Luana Waikiki) – 241 hotel to 215 condotel
 - o Ala Moana Hotel – 1164 hotel to 1164 condotel (2005)
 - o Ohana Reef Towers (aka Wyndham Waikiki Beach Walk) – 195 hotel to 195 timeshare
 - o Royal Garden at Waikiki (aka Wyndham at Royal Garden) – 140 hotel to 140 timeshare (2011)
 - o Makaha Resort – 172 hotel to 102 timeshare (2013)
 - o Miramar at Waikiki – 357 hotel to 0 hotel (new commercial mall)

Ensuring that our tourism industry remains successful in the long-term and that it continues to "work" for all of us is everyone's priority. Hawaii can.

Cutting hotel rooms cuts local jobs. Good jobs here means money spent here. Taxes paid here. A better life here.

- In 2012, GET revenue generated from visitor expenditures totaled \$570 million and an

additional \$232 million from the transient accommodations tax (TAT).

- Tax revenues are used to support the functions of government including but not limited to the funding of our public education system, infrastructure needs, public safety, parks, public utilities, facilities and other general services for the good of the community

Condotels cost tax dollars

- When condotels are constructed or hotels are converted to condotels, buyers often choose not to rent out their units at all, resulting in a total loss of TAT, GET and income tax revenue to the state & city. Many owners choose not to put their units into the hotel “rental pool” and instead rent them out individually or through smaller operations.
- We estimate **the average TAT, GET and income tax lost is over \$3,300 per unit per year for every unit not entered into a rental pool at a condotel property.**
- We estimate that over 45% of the more than 10,000 rooms in condotel buildings statewide are not in their respective properties’ rental pools.
- Example: Aqua Island Colony. State is losing over \$2 million per year because this property is a condotel instead of a hotel.

Timeshares cost tax dollars

- The state loses TAT money from timeshares, as they are taxed at a lower rate. A 2007 UHERO study estimated that tax collections for a given timeshare unit were 25% (or less) than for a comparable given hotel unit because of the way taxes were calculated. That was in 2007. Since then, the TAT for hotel rooms has increased to 9.25%, but the analog tax for timeshares has not increased.
- We estimate that the **average TAT lost is over \$3,700 per unit per year on average for every timeshare in Hawai‘i versus a comparable hotel unit.** As of 2012, there were 10,184 timeshare units in the state.
- Unlike hotels, timeshares may only be cleaned once or twice a week, which results in less work and less resultant income taxes.

Trained hotel workers in their daily interaction with visitors help to support and make Hawaii the top visitor destination it is.

- A good first impression makes all the difference. Hospitality workers are the first and last to make contact with visitors to our islands and are vital towards ensuring positive visitor experience.
- Our brand, the “Aloha” spirit is something that requires the human touch. Workers are needed to greet and check in guests at the front desk, to transport luggage to rooms, park cars, serve food, landscape the grounds, clean the rooms.
- Real Aloha means real jobs.

We want to be part of the solution and help Hawai‘i reach its potential as both a top visitor destination and the best place to continue to raise our families.

We ask for the Committee’s full support of H.C.R. 171 and H.R. 130.

Thank you.

**Testimony of
Gary M. Slovin / Mihoko E. Ito
on behalf of
Wyndham Vacation Ownership**

DATE: March 16, 2014

TO: Representative Tom Brower
Chair, House Committee on Tourism

Submitted Via: TOUTestimony@capitol.hawaii.gov

RE: **HR 130 / HCR 171 (Hotel Conversion)**
Hearing Date: Monday, March 17, 2014 at 10:00 a.m.
Conference Room: 312

Dear Chair Brower and Members of the Committee on Tourism:

We submit this testimony on behalf of Wyndham Vacation Ownership.

Wyndham Vacation Ownership offers individual consumers and business-to-business customers a broad suite of hospitality products and services through its portfolio of world-renowned brands. Wyndham has a substantial presence in Hawaii through its Wyndham Vacation Resorts and WorldMark by Wyndham brands.

Wyndham **opposes** HR 130 and HCR 171, which urges the County Councils to enact legislation that addresses the concerns associated with the conversion of Hawaii's traditional resort hotel rooms into condominiums, condominium hotels, timeshares, or individual vacation units. These resolutions would, among other things, encourage the County Councils to remove incentives for the construction or renovation of those types of lodging, define the categories of lodging, and institute zoning ordinances that would further examine the actual benefits of conversion projects prior to their approval.

Passing these resolutions would discourage developers from making decisions to reconfigure their properties to respond to market demand and other complex economic factors. It would also discourage timeshares, which are an important component to keeping the visitor industry thriving and stable.

Gary M. Slovin
Mihoko E. Ito
Tiffany N. Yajima
Jennifer C. Taylor

1099 Alakea Street, Suite 1400
Honolulu, HI 96813
(808) 539-0840

Time share properties bring stability to the visitor industry by providing reliable and consistent occupancy. Time share owners, which often include kama'aina, are loyal and repeat visitors who have made long-term commitments to the islands. In economic downturns, time shares stabilize the economy and mitigate potential adverse effects on the community. In addition, to compliment the existence of traditional hotel rooms, many timeshare units are two-bedroom units that can accommodate extended families.

HR 130 and HCR 171 raise questions regarding the jobs that are lost by the timeshare industry. However, the time share industry significantly contributes to Hawaii's economy not only by creating and sustaining jobs, but also provides important infrastructure and construction upgrades particularly with respect to aging properties. A recent survey by the American Resort Development Association reported a total of 4,064 employees statewide in the timeshare industry.

There is no indication that time share plans have so negatively impacted counties that these resolutions are necessary. To the contrary, discouraging or prohibiting the conversion of hotels to timeshares would be highly detrimental to the visitor industry. It is crucial to allow the industry flexibility to meet the changing demands of the market and economy.

For the foregoing reasons, Wyndham respectfully opposes HR 130/HCR 171 and requests it be held in committee.

Thank you for the opportunity to submit testimony in opposition to this measure.

brower1-Luke

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 16, 2014 12:17 AM
To: TOUtestimony
Cc: wctanaka@gmail.com
Subject: Submitted testimony for HCR171 on Mar 17, 2014 10:00AM

HCR171

Submitted on: 3/16/2014

Testimony for TOU on Mar 17, 2014 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Wayne	Individual	Support	No

Comments: Please support this resolution and help reduce the cascading socioeconomic impacts of selling out quality local hotel jobs by private multinational corporations that have and continue to benefit substantially from the services, environment and community maintained on the backs and taxes of local residents. Mahalo nui for your consideration and support of this measure. Wayne Tanaka Kane'ohe 96744

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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brower1-Luke

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 14, 2014 4:46 AM
To: TOUtestimony
Cc: thirr33@gmail.com
Subject: Submitted testimony for HR130 on Mar 17, 2014 10:00AM
Attachments: HR 130.gif

HR130

Submitted on: 3/14/2014

Testimony for TOU on Mar 17, 2014 10:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Arvid Tadao Youngquist	The Mestizo Association	Support	Yes

Comments: Chair, TOU Committee Vice Chair, TOU Committee The Mestizo Association expresses its support for the intent of the HR 130, however, we object to its portion that may be misconstrued or misused as "enabling" county councils to have a "go ahead" full speed notion of reducing Local 5 and other associated worker/private sector union positions (ILWU, Teamsters, Local 5, etc.). In this respect, please be advised that the Kalihi Valley last night, March 2, Wednesday, passed a resolution in support of the City Council of Honolulu Bill supporting this measure as it relates to Oahu, where incidentally, many of the lawmakers reside and call home. Request that your Committee, report this measure and its companion measures (concurrent resolutions) with similar vigour and conviction of intent. Mahalo nui loa & me ke Aloha pumehana, Arvid Tadao Youngquist Founder, Administrator, & Spokesman *Note: resident and registered voter, CD1, U.S. House of Representative, Oahu District voter...for the Primary and the General Election.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

Testimony of George Szigeti
President & CEO
HAWAI'I LODGING & TOURISM ASSOCIATION
Committee on Tourism
Hearing on March 17, 2014, 10:00 a.m.
HR130 & HCR171

Dear Chair Brower, Vice Chair Cachola, and Members of the Committee. My name is George Szigeti and I am the President and CEO of the Hawai'i Lodging & Tourism Association.

The Hawai'i Lodging & Tourism Association (HLTA) is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms that benefit from and strengthen Hawai'i's visitor industry. Our membership includes over 150 lodging properties, representing over 48,000 rooms, and approximately 470 other Allied members. The lodging industry alone employs over 38,000 workers across the state of Hawai'i. As part of the broader visitor industry – which employs 1/6 of all workers and 1/5 of those in the private sector, and generated \$14.5 billion in visitor spending in 2013 – we represent one of Hawai'i's largest industries and a critical sector of the economy.

On behalf of HLTA, permit me to offer this testimony regarding House Resolution 130 and House Concurrent Resolution 171, both of which seek to urge “the county councils to enact legislation that addresses the concerns associated with the conversion of Hawai'i's traditional resort hotel rooms into condominiums, condominium hotels, timeshares, or individual vacation units.”

The Hawai'i Lodging & Tourism Association **opposes** these resolutions. Property owners who elect to convert a property often do so due to economic and financial reasons. The conversions are also often performed as a means to renovate a property. When seen at the macro level, this type of conversion enhances our hotel and resort inventory, which has been steadily declining in quality over the years, and helps the lodging industry meet the changing priorities of our visitors.

Additionally, in specific regards to timeshares, occupancy rates are consistently higher and timeshare owners serve as valuable return visitors. During times when the economy is weak, these high occupancy rates and the ability to attract return visitors ensures that the visitor industry is better off than if we relied solely on traditional resort hotel rooms.

Thank you for this opportunity to testify.



March 17, 2014

TO: HOUSE COMMITTEE ON TOURISM
Representative Tom Brower, Chair
Representative Romy M. Cachola, Vice Chair

FROM: Henry Perez, Chair
ARDA-Hawaii

RE: HCR 130/HCR 171, URGING THE COUNTY COUNCILS TO ENACT LEGISLATION
THAT ADDRESSES THE CONCERNS ASSOCIATED WITH THE CONVERSION OF
HAWAII'S TRADITIONAL RESORT HOTEL ROOMS INTO CONDOMINIUMS,
CONDOMINIUM HOTELS, TIMESHARES, OR INDIVIDUAL VACATION UNITS.

POSITION: Oppose

Dear Chair Brower, Vice Chair Cachola, and Members of the Committee:

The American Resort Development Association (ARDA) Hawaii Chapter, the local chapter of the national timeshare association opposes HCR 130 and HCR 171, resolutions urging the County Councils to restrict conversion of traditional resort hotel rooms.

Please be assured that a property owner's decision to reconfigure or convert a property is not taken lightly. It is a decision often driven by economics. Conversion is mainly done when existing rooms are out of date or in disrepair and must be renovated. In order to secure financing, the rooms are converted to timeshare.

The conversion of traditional hotel rooms is a reflection of the changing priorities not only the financial markets, but also of the changing preferences of travelers. The majority of timeshare units are two-bedroom and can accommodate large or extended families. This family travel trend is growing and our timeshare units help to meet that need.

Timeshare owners are valuable repeat visitors to our island. The occupancy rate for timeshare units is consistently higher than for hotel rooms. The difference in occupancy rates is even more pronounced when the economy is weak. The timeshare industry has helped to shore up the rest of our island's economy during the recent recession as

timeshare owners continued to visit Hawaii in high numbers. We also employ Hawaii residents. A recent ARDA survey reported an increase of 127 full-time equivalent employees with a total of 4,064 employees statewide in the timeshare industry.

Thank you for this opportunity to provide information on the timeshare industry and to testify in opposition to this measure.

Meynard Duyao
2824 Nihi St.
Honolulu, HI 96819

March 17, 2014

Tom Brower, Chair
Committee on Tourism
House Representatives

Re: HCR 171 & HR 130

Chair Brower and Members

I support HCR 171 & HR 130.

My name is Meynard Duyao working at the Hilton Hawaiian Village as a housekeeper for two years now. Let me tell you about my life when I moved here.

Back in 2011 when I moved from Philippines to USA, I was a recent Nursing Graduate in the Philippines. The question ahead of me is how I can pursue my dream as a nurse. We all know that it's not easy to move from one country to another, I struggled a lot. But it doesn't stop me there, that's why my first goal was to find a good paying job for me to start my life and to pursue my dream. I've found out, that one of the major industries of Hawaii that offers a good paying job was the tourism Industry. That is the reason why I decided to enter in the tourism industry and used it as my stepping stone in pursuing my dream.

I am very thankful to my first job as a housekeeper simply because it helped me to get my license; Right now I am holding my license as a Registered Nurse and License Practical Nurse. It is right to give back that's why I am involving myself in the community to helped solve the crisis in the tourism industry which is the Hotel Condo Conversion. It breaks my heart because of its tremendous effect to our community. To those people in the Philippines and other part of the world who are still dreaming the American dream.

I want to preserve the good paying jobs at present so that the next generation can use it also as a stepping stone.

Sincerely,

Meynard Duyao

Tuesday, March 17, 2014

Tom Brower, Chair
Committee on Tourism
House of Representative

IN support of HCR 171 AND HR 130

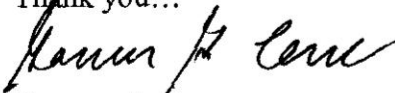
Dear Brower and members,

My name is Gemma Conn. I highly support HCR 171 and HR 130 I am a mother of one and I am so concern that I may lose my job because of the hotel -condo conversions that is very alarming to the hotel industry workers, as a parent we all want to give the best we can for a better future for our children and for the next generations to come...

But... how will we be able to provide a better life to our children if our number one industry is dying which is the tourism industry, how we can give them a good foods on the table... how can we provide them a shelter, specially the housing here in Hawaii is so expensive that we are struggling to pay even though we still have our job now... how much more if we lost our job????

You... the high Officials of the state of Hawaii who is sitting in the office and get paid from the taxes of the people of Hawaii need to do something about our concerns so Hawaii will be a good place for us to raise our families...

Thank you...



Gemma G. Conn

Marites Uy
937 C Self Lane
Honolulu, Hi 96819
miniemar3@gmail.com

Tom Brower, Chair
Committee on Tourism
House of Representatives

Re: HCR 171 & HR 130.

Chair Brower & Members,

My name is Marites Uy working at the Moana Surfider as a housekeeper. Housekeeping is a hard job but I'm glad and proud of it. It is a sustainable job and the benefits I get including family medical and a pension are meaningful to me and my family.

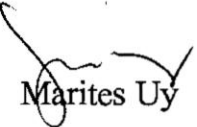
But because of the trend that's growing in the hotel industry called "condo conversion" it is a threat to all of us workers and our future is at stake. Once a regular hotel room is converted and sold as a privately owned condominium our jobs are threatened. Once we lose the hotel rooms, we can never get them back. We need good jobs, like mine, not just any job.

Ilikai Hotel is a good example of being converted into condo, they used to have 500 workers now down to 60 workers. But I am here because I am worried that what happen to Ilikai will happen to our hotels too.

I'm a mother of two girls, me and my husband are working in the same industry. We, as members of Aikea - a social and political movement - continue our efforts by walking and talking to the community sharing our issues. But we also need our City government to do more and help. We've talked to small business owners and also met with local senators and representatives and they too believe that this issue needs to addressed.

We urge the Committee to adopt HCR 170 & HR 301.

Thank you,


Marites Uy

Monday, March 17, 2014

Rodney Nakashima
1731 Democrat St. #4
Honolulu, HI 96819

Tom Brower, Chair
Committee on Tourism
House of Representatives

Re: HCR.171 and HR.130 Relating to Conversion of Hotel Rooms to Condominium

Chair Brower and Members of the House of Representatives:

Aloha my name is Rodney Nakashima. I am a Hotel worker at the Sheraton hotel. I've been working there for 9 years and I support HCR 171 and HR 130. The loss of Jobs in our number one industry is something that needs to be addressed.

I've had many jobs in my work career but not one of them have provided enough wages and benefit to survive on, as we know the cost of living here in Hawaii is very high. For many years I've had to depend on family members for help. Dental, Medical and Rent are just a few there are many more. However since I began working at the Sheraton hotel I now make a Living wage. For the last nine years I've become Independent, I no longer depend on family for support and that's huge for me to say. All of my income and taxes stays here in Hawaii. Good Hotel jobs provide sustainability for all. Tourism is Hawaii's future we should invest more in keeping and developing more full service hotels so we can host larger world wide convention.

Please pass HCR 171 and HR130 It will help all of us as a community. Tourism needs to work for all of us, and it can. We need to keep our hotel rooms so we can continue to have good jobs.

Mahalo,

A handwritten signature in black ink that reads "Rodney Nakashima". The signature is written in a cursive, flowing style.

Rodney Nakashima

Joli Tokusato
47 Laimi Rd.
Honolulu, Hi 96817
joli.tokusato@hawaiiantel.net

Tom Brower, Chair
Committee on Tourism
House of Representatives

Re: HCR 171 & HR 130.

Chair Brower & Members,

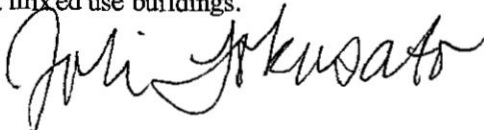
My name is Joli Tokusato. I work at the Ilikai Hotel and Suites. I urge you to pass HCR 171 & HR 130 for the following reasons: I have some first hand knowledge of the affects of condo conversion on workers and on visitors and neither is positive.

Hundreds of hotel workers have lost their sustainable jobs at the Ilikai and a new type of worker is emerging. Ilikai workers see independant contracted workers servicing the rooms previously done by hotel employees. They come to the hotel and work out of the parking garage. They take out their shopping carts full of cleaning supplies and drag large bags of linens up to the rooms everyday. Those workers eat, drink and sometimes rest in the parking garage. If you ask them if they will say they are grateful for their job but admits they do not have the benefits of traditional hotel workers. There is little job security or dignity for those workers. If condo conversion is not addressed, this could be the future of thousands of people currently working in traditional hotels.

Today, because there are no restrictions, there is the hotel, hotel pool, owner occupied condos, condo renters, timeshares, timeshare "hotel guests" and "internet" independent vacation units (IVU).

When a visitor comes to the hotel desk, we actually have to grill them for information before we can give them accurate information and assistance. Many times we are unable to assist at all - not because we don't want to but because we cannot. Sometimes its something as simple as a lock out (we don't have keys) or denying a floral arrangement because the visitor is not in the condo and we cannot access the room to deliver it. Sometimes its more serious as not accepting medical equipment prior to a visitors arrival because we don't even know if or when a IVU guest is supposed to arrive. We try to decipher which agency they are with and who to send them to.

It can be a challenge and absolute chaos for me and the visitor. Not good because the state pays \$69 million to bring all those visitors here. Visitors come here with the expectation of the Aloha Spirit and there is nothing more we as highly trained hotel workers would like than to provide it. We need somewhere conventioners can stay. WE NEED TO KEEP EXISTING TRADITIONAL HOTEL JOBS, stop allowing the conversion of hotel rooms to condos and limit mixed use buildings.



Joli Tokusato