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February 22, 2013

The Honorable David Y. Ige, Chair
and Members of the Committee on Ways and Means
State Senate
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Ige and Members:

Subject: Senate Bill No. 500, SD 1
Relating to Transient Accommodations

The Department of Planning and Permitting (DPP) **supports the intent but opposes the scope of enforcement** for Senate Bill No. 500, SD 1, which clarifies the association's duty to report to the Department of Taxation relevant information an association actually receives from the transient accommodation operator. It also limits the fines imposed on an association while also holding an owner or operator of a transient accommodation accountable for failure to report.

The DPP applauds the intent of this bill, which holds the association and owner or operator of transient accommodations accountable for reporting the use. The bill also serves to expose the locations and frequencies of transient accommodations activities. However, the City's experience with enforcement efforts against operators of illegal transient vacation rentals is that anything short of severe penalties are viewed by the violators as simply the "cost of doing business." For this reason, we recommend the bill be amended to replace the once a year limit on the imposition of civil penalties with a recurring imposition of civil penalties for each failure to report.

Please amend Senate Bill No. 500, SD 1, as requested. Thank you for this opportunity to testify.

Very truly yours,

George I. Atta

George I. Atta, FAICP, LEED AP, CEI
Director Designate
Department of Planning and Permitting

GIA:jmf
sb500sd1-TransAccomm-mf

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To: The Honorable David Y. Ige, Chair
and Members of the Senate Committee on Ways and Means

Date: Friday, February 22, 2013
Time: 9:00 A.M.
Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. 500, S.D. 1, Relating to Transient Accommodations

The Department of Taxation (Department) supports the intent of S.B. 500, S.D. 1, and offers the following information and comments for your consideration.

S.B. 500 S.D.1 amends Act 326, Session Laws of Hawaii 2012 by clarifying what information must be provided to the Department and by modifying the penalties for non-compliance.

First, the Department recommends the bill be amended to contain further guidance on who may act as a designated local contact. The Department has received numerous inquiries about whether a friend or relative may act as the contact, or whether the contact must be a licensed real estate professional or must meet some other criteria.

Second, the Department strongly supports changing the penalty for failure to report information under this Act from a criminal penalty to a civil fine, and clarifying that the penalty may only be imposed once per year.

Third, the Department strongly supports requirement of subsection (c) that the local contact's name, address and contact information be submitted to the Department. Under the current subsection (b), an operator is required to submit the local contact's name, address and contact information as well as "relevant information" to the condo or homeowner's association. However, under subsection (c) only the relevant information and not the local contact's information must be submitted to the Department.

Fourth, the Department suggests a technical correction at page 4, line 2: the words "be subject to" should be deleted.

Thank you for the opportunity to provide comments.