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SHAN TSUTSUI
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STATE OF HAWAII
DEPARTMENT OF TAXATION
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MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

JOSEPH K. KIM
DEPUTY DIRECTOR

To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: February 23, 2016

Time: 2:00 P.M.

Place: Conference Room 308, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 1850, Relating to Taxation.

The Department of Taxation (Department) supports the intent of H.B. 1850 and provides the following comments for your consideration.

H.B. 1850 permits a transient accommodations broker to register as a tax collection agent on behalf of its operators and plan managers. As a tax collection agent, the broker will be required to report, collect, and pay general excise tax and transient accommodations tax on behalf of all of its operators and plan managers for transient accommodations booked directly through the broker. The tax collection agent will assume all obligations, rights, and responsibilities imposed on operators and plan managers for business activities conducted directly through the tax collection agent and will be personally liable for all taxes due and collected. The bill is effective upon approval and requires the Department to make registration forms available to brokers within 90 days after the bill becomes effective.

By permitting brokers to act as tax collection agents, similar to how multi-level marketing organizations may act as tax collection agents on behalf of their direct sellers pursuant to section 237-9(e), Hawaii Revised Statutes (HRS), this bill will ease the burden of reporting and remitting taxes for operators and plan managers, and will facilitate collection at the source for the Department. The Department requests, however, that the following amendments are made:

First, the Department notes that the bill currently provides that a broker may become a tax collection agent simply by submitting a registration statement and that the Department may only deny an application for "cause authorized by law," including violation of chapters 237 or 237D, HRS, or for violation of a prior tax collection agreement. The bill does not, however, further define cause or provide any grounds upon which the Department may deny registration, other than for violations of existing law. As a result, the Department will be precluded from denying registration to a broker for valid reasons that do not constitute a violation of chapters

237 or 237D, HRS.

For example, a broker's records may be kept in such a way that would make it impossible for a meaningful audit of the operators and plan managers to be conducted, or a broker's system may permit an operator to opt out of having the broker collect and remit taxes on its behalf. In these cases, the Department should be given the discretion to deny registration. Accordingly, the Department requests that subsection (a) in Section 2 and subsection (a) in Section 3 are amended to read as follows:

The director may deny an application for registration as a transient accommodations broker tax collection agent under this section for cause, including but not limited to violation of this chapter or rules adopted pursuant thereto, violation of any prior tax collection agreement, or failure to meet minimum criteria that may be set forth by the department in rules adopted pursuant to chapter 91.

Similarly, the bill currently provides that a broker may cancel its registration as a transient accommodations broker tax collection agent for any reason, but the Department may only cancel the registration for "cause authorized by law." The Department requests that the term "authorized by law" is deleted on line 3 of page 7 and line 1 of page 13 to give the Department the ability to cancel a registration for valid reasons that are not expressly outlined in chapters 237 and 237D, HRS.

Next, the Department notes that the bill provides that registration as a tax collection agent is not transferable except to a successor by merger or acquisition of the broker's website or platform. (Page 3, Lines 8-14 and Page 9, Line 6-12.) The Department requests that the language allowing transfer of registration to a successor is deleted. As written, the language could allow a broker's successor to alter its business model or the method that taxes are collected, without any notice to the Department. If a merger or acquisition takes place, the successor should be required to submit a new registration statement with all requested information to the Department, and receive approval in order to continue to act as a tax collection agent. Accordingly, the Department requests that the phrase "except to a successor by merger or acquisition of the transient accommodations broker's website or platform designated in its application or tax collection agreement" is deleted from lines 11-14 of page 3 and lines 9-12 of page 9.

Finally, the Department requests that the effective date of the bill is changed to after December 31, 2016, to provide the Department sufficient time to create the necessary forms and instructions, and adopt administrative rules as needed.

Thank you for the opportunity to provide comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, TRANSIENT ACCOMMODATIONS, Transient Accommodations Brokers as Tax Collection Agents

BILL NUMBER: SB 2693; HB 1850 (Identical)

INTRODUCED BY: SB by BAKER, ESPERO, KIDANI, TOKUDA; HB by LUKE, CHOY, CREAGAN, CULLEN, FUKUMOTO CHANG, HASHEM, ICHIYAMA, ITO, JOHANSON, JORDAN, KEOHOKALOLE, KOBAYASHI, KONG, LOPRESTI, LOWEN, NISHIMOTO, ONISHI, POUHA, RHOADS, SAN BUENAVENTURA, TAKAYAMA, TSUJI, WOODSON, Tokioka

EXECUTIVE SUMMARY: Allows a transient accommodations broker to serve as a collection agent for general excise and transient accommodations taxes. This type of arrangement would probably enhance collection of taxes because of the difficulty of policing individual owners.

BRIEF SUMMARY: Adds a new section each to HRS chapter 237 and chapter 237D allowing the director of taxation to permit a transient accommodations broker to register as a tax collection agent on behalf of all of its operators and plan managers. Defines “operator,” “plan manager,” and “transient accommodations broker” the same as in the TAT law.

Upon successful registration as a tax collection agent, the broker shall report, and collect, and pay over the tax due on behalf of all of its operators and plan managers as it relates to activity booked through the broker. Registration does not relieve the broker from any of its own tax obligations, and the operators and plan managers are not protected as to any business activity other than that booked through the broker.

Registration also does not obligate a broker to disclose the names or addresses of its operators and plan managers except in response to a lawful and valid subpoena, or upon consent of the operator or plan manager.

A broker may cancel its registration by delivering a written cancellation notice to the department and its customers; the cancellation will be effective no earlier than 90 days after delivery of the notice. The department may also cancel a registration for any cause authorized by law, including violations of the tax laws or a breach of the registration agreement.

Amends HRS section 237-30.5, relating to rental collection agents, and section 237D-8.5, relating to collecting TAT for the same residents, to clarify that it does not apply to transient accommodation brokers.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: Act 143, SLH 1998, amended HRS section 237-9 to allow multi-level marketing companies to act as agents to collect and pay over GET on behalf of their independent entrepreneurs. At the time, it was considered beneficial for the marketing companies to collect

and pay over tax as opposed to having the Department of Taxation chase down a myriad of independent owners with varying degrees of tax compliance among them.

This bill presents an opportunity for the same logic and policy considerations to apply to transient vacation renters operating through transient accommodation brokers such as AirBnB, Flipkey, Homeaway, and VRBO, except that the stakes may be a little higher because TAT as well as GET is being collected. This bill would appear to be necessary or desirable to enhance the Department's collection ability given the limited resources available for all of state government including the Department.

Digested 2/3/16

KAILUA NEIGHBORHOOD BOARD NO. 31

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TESTIMONY OPPOSING HB1850
Kailua Neighborhood Board
Committee on FIN, February 23, 2016, 2:00 pm

Just as the State and the counties have been making some progress to increase TAT collections from vacation rentals and enforce against illegal ones, this bill is being heard that will do just the opposite. In the last session, SB519 (Act 204 7/2/2015) was adopted that required all vacation rental advertisements to include the TAT registration number:

"(1) The registration identification number or an electronic link to the registration identification number of the operator or plan manager issued pursuant to this section..."

Act 204 will help to both show that a vacation rental has a TAT license and identify those without a short-term rental permit who are not paying the taxes. Act 204 is a much superior statute. **Bill HB1850 will undo that recent progress** and enable vacation rentals to advertise through companies like Airbnb and hide their locations from enforcement. This is significant step backwards.

Bill HB1850 enables illegal vacation rental businesses with or without a TAT or GET license, to advertise with Airbnb.com or other vacation rental broker's license ID, thus removing incentive for them to obtain a TAT license and to pay the taxes . This will also make it difficult for enforcement inspectors to identify these businesses and determine if they are legal or illegal. It is a bill that would promote illegal activities by allowing companies like Airbnb to collect and remit taxes without making sure the vacation rental listings are legal or illegal.

Illegal vacation rentals are a growing problem in our state, and this bill does nothing to fix it. They're a problem not just because they aren't paying their fair share of taxes, but also because Illegal vacation rentals take away affordable housing for local people, and hurt our economy by directly competing with full-service hotels that provide good, local jobs. PLEASE OPPOSE HB1850.

Charles A. Prentiss, Ph.D., Chair



House of Representatives
The Twenty-Eighth Legislature
Regular Session of 2016

To: Rep. Sylvia Luke, Chair
Rep. Scott Nishimoto, Vice Chair

Date: February 23, 2016

Time: 2:00 p.m.

Place: Conference Room 308
Hawaii State Capitol

RE: House Bill 1850, Relating to Taxation

Chair Luke, Vice Chair Nishimoto and Members of the Committees:

Rental By Owner Awareness Association (RBOAA) is a Hawaii non-profit corporation whose mission is to provide Hawaii property owners with information to help them comply with the applicable State and County regulations, support the Hawaii economy by offering visitors choice in accommodation, and to advocate for the rights of Hawaii vacation property owners. RBOAA members provide transient vacation rentals in full compliance with existing tax and county regulations. RBOAA fully supports full enforcement of existing regulations.

RBOAA recognizes the resource constraint in the Department of Taxation which affects the ability to pursue tax collection. RBOAA, therefore, **supports the intent** of the bill, and applauds AirBnB for bringing it forward, however we see two opportunities to improve this proposal and RBOAA **recommends two amendments**.

1. We recommend removing the wording “A registered transient accommodations broker tax collection agent shall not be required to disclose to the director the names or addresses of any of its operators and plan managers in connection with any return, reconciliation, payment, or other filing by the registered transient accommodations broker tax collection agent under this chapter”.
 - a. We recognize the desire on the part of the broker to maintain privacy of the advertisers; however, the DoT has a steadfast and absolute commitment to privacy. So, without adding any value, this clause leaves the proposed

process open to abuse, restricts the ability of the DoT to cross-reference owners and payments and reduces the DoT's ability to track non-compliance for any activity not covered by a broker.

- b. While the DoT has audit rights, audits are a significantly weaker control compared to regular and ongoing data validation and reconciliation.
- c. Currently, tax filings are identified by the GET and TAT numbers, not by the name and address.
- d. Consider replacing the above wording with “A registered transient accommodations broker tax collection agent shall disclose to the director the either Transient Accommodations Tax Registration number and the General Excise Tax License number or the property address, of each operator, and the respective dollar amounts reported and remitted for each of TAT and GET in connection with any return, reconciliation, payment, or other filing by the registered transient accommodations broker tax collection agent under this chapter.”

2. Add clarifying wording stating:

- a. “No owner, operator or plan manager is required to engage a registered transient accommodations broker.”
- b. “No transient accommodations broker is required to register as a tax collection agent.”
 - i. Obviously, an owner, operator or plan manager who does not engage a registered transient accommodations broker registered as a tax collection agent would remain responsible for compliance with all provisions of this Chapter.
 - ii. We feel this clarification is important to prevent any suggestion, by any party, that a transient accommodations broker must be engaged by an owner or plan manager.

Thank you for the opportunity to testify on this measure.

Sincerely,

Neal Halstead
President,
Rentals by Owner Awareness Association



22 February 2016

HB1850
Relating to Taxation
House Committee on Finance

FACE Hawaii

www.facehawaii.org

Very Rev. Walter Brownridge
Statewide President

Patrick Zukemura
Oahu President

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Maui Representative

R. Leotele Togafau
Executive Director

Rev. Tasha Kama
Maui Lead Organizer

Khara Jabola-Carolus
HCIR Lead Organizer

Rev. Stan Bain
HCIR Organizer

Dear Chair Luke, Vice Chair Nishimoto, and Members of the Committee,

Faith Action for Community Equity (FACE) submits this testimony **in strong opposition to HB1850** which would allow platforms such as VRBO and AirBnB to collect and remit taxes on behalf of its operators.

FACE is a 501(c)3, grassroots, faith-based non-profit organization. Our membership includes more the 50 inter-faith institutions statewide. Since our founding in 1996, housing has consistently topped our list of priorities. And why shouldn't it? The average rent for a 3-bedroom apartment in Hawai'i is more than double the national average rent. Hawai'i also has the dubious distinction of being the state where a minimum wage worker would have to work the most hours to make ends meet. In addition to these facts, Hawai'i has the highest rate of homelessness in the nation. And for the past twenty years, we have heard these facts played out in real life stories from our membership.

The housing crisis is real and platforms such as AirBnB and VRBO are a direct threat to affordable housing.

AirBnB and VRBO allow individuals to not only rent out single rooms in their homes, but often times, the entirety of the home. The average listing of a two-bedroom unit on AirBnB is \$372/night. At an 80% occupancy rate, that amount is \$9,055/month. The average rent of a two-bedroom apartment in Honolulu is \$1,939/month. AirBnB units are being rented at more than four times the average rate. There is no doubt that this is a lucrative business- but it is a lucrative business that decreases the inventory of available housing in our state and does so by locking out families who are so desperately in need of housing.

Last year, in coalition with many other housing advocates, we successfully signed into law a bill that would allow the permitting of Accessory Dwelling Units (ADU). See Ordinance 15-41, Bill 20. What the ADU law provides is an increase to the state's housing inventory and is done so at a fraction of the construction costs that traditional units would require. The ADU law has strict rules to prevent the conversion of these units into illegal vacation

rentals. We have serious concerns that HB1850, should it pass through the committee in its current form, would weaken these provisions by failing to provide an established means of tracking which vacation rentals are being advertised.

We thank you for the opportunity to testify and hope that you will take our concerns into consideration.



Save O'ahu's Neighborhoods OPPOSES HB1850.

Dear Representative,

We claim it to be among the worst “fox guarding the henhouse” legislation ever proposed. The primary reasons behind the mainland vacation rental brokers pushing this bill are:

- A. To give the mainland ‘registered transient accommodation broker tax collection agents’ (RTABTCA – whew) the aura of legality while advertising and booking illegal short-term rentals.
- B. Attract currently-illegal operations by providing secrecy to shield their locations and identity from county zoning enforcement.
- C. Entice more homeowners to become illegal operators by providing secrecy to shield their locations and identity.
- D. Attract more operations by providing web-hosting, advertising, tax-filing, and booking services

The result of this legislation will be to:

- 1) Hide and obfuscate the names and addresses of county-illegal short-term rentals
- 2) Provide an aura of legitimacy to illegal operations that will increase their number beyond the ability of county zoning enforcement to ever provide effective enforcement.
- 3) Encourage vacation-rental operators to cheat on their TAT and GET.
- 4) Encourage many more residential homeowners to convert long-term rentals to vacation rentals. **Many, many new illegal vacation rentals will open**, which in turn will cause all the following negative results....
- 5) Increase rents for long-term rental homes and apartments
- 6) Increase homelessness
- 7) Introduce a constant stream of overnight strangers into residential-zoned neighborhoods, destabilizing the neighborhoods
- 8) Raise tourism resentment to new highs
- 9) Undermine the high-overhead legitimate hotel industry by promoting low overhead competition that does not have insurance, security, high property taxes, living-wage labor, FICA, Medicare, and on and on.
- 10) Undermine the job security of labor and management in the legitimate hotel industry
- 11) Undermine the service industry and suppliers to the legitimate hotel industry. Vacation rental operators buy at Costco, WalMart, etc. instead of traditional hotel suppliers.

With county governments, especially Honolulu and Maui, cracking down on illegal short-term rentals, many would-be illegal operators are waiting in the wings to see what happens. If this

identity-shielding law passes, they will jump in the game right away. This will remove many long-term rentals from the housing market.

It may be the dream that the state will collect more TAT and GET through this scheme, but the opposite is more likely. Short-Term Rental operators will be able to cancel their existing TAT accounts, then *occasionally* list short-term rentals through an RTABTCA and then if the tax office challenges them, they can claim that they are paying taxes through the RTABTCA and there will be no way for the state to investigate without a subpoena. Even if the RTABTCA wants to, they cannot divulge information about an operator without a waiver from the operator, or an unlikely subpoena! The Tax department will be stripped of its ability to conduct investigations without first getting a subpoena. So why not give all taxpayers this level of invisibility? Ask yourself how many would not report or underreport if they had a blind like the RTABTCA to hide behind.

Consider this scenario.

A mainland (or local) investment or second-home homeowner is using their Hawaii residential property as a short-term vacation rental and is currently paying the TAT and GET through Hawaii GET and TAT tax licenses they established to cover this activity. They rent as often as possible for a few days each rental. Along comes an RTABTCA named VRBAIR and offers to list and book their Hawaii property. The owners cancel their TAT and GET licenses and allow VRBAIR to book their guests, occasionally. But most of the time, they still list and rent their property on their own website or through non-RTABTCA sites. They owe the TAT and GET to the state but do not pay it. The state tax department becomes suspicious and contacts the owner who tells them that they rent through their RTABTCA, which is VRBAIR. The tax department contacts VRBAIR, who by law can neither confirm nor deny the owner's assertions that they only rent through VRBAIR and that TAT and GET is being paid on all rentals. The tax department calls VRBAIR and requests transaction data for the suspicious operator or address. VRBAIR responds that they are not allowed to divulge the data without the operator's permission or a subpoena – according to the law. The state tax department, which is already strapped for enforcement resources, weighs the cost and grief of getting a subpoena in hopes of collecting a few hundred dollars of GET and TAT. They do not pursue. Others find this loophole and state revenue drops.

The whole point of the secrecy and subpoena requirement in HB1850 is to hide the identity of county-illegal operations.

Visit these sites for more background on mainland vacation rental brokers, their track records, and their effects: [NY Atty General Report](#) [Salon magazine report](#) [Pew Charitable Trusts](#)

Section s237 (c) states “operators and plan managers shall be deemed **licensed** under this chapter...” Without knowing the definition of ‘licensed’, it would appear that this means licensure to conduct a transient accommodations business?

Please do not sell Hawai'i's residential-zoned neighborhoods for the false promise of a few bucks in the state's coffers.

Sincerely, Larry Bartley, Executive Director

LEGITIMATE HOTELS COMPARED TO TVR LODGING — UNFAIR COMPETITION

TVR = B&B or Vacation Rental

January 7, 2015

ISSUE	LEGITIMATE HOTELS	TVR LODGING
Housing market	Pay higher property taxes, GET, and TAT – reducing taxes for individuals attempting to buy	Removes thousands of houses from O’ahu’s rental housing market, putting pressure on the O’ahu-wide housing market - <i>including affordable housing for hotel employees</i> . See ‘ housing impacts ’ on website
Visitor industry resentment	Accepted by the general public as the place visitors should stay	The constant flow of overnight strangers into residential-zoned neighborhoods breeds general resentment of the legitimate visitor industry, including hotels
Workers’ pay scale	Most hotels typically pay a living wage or well above minimum wage levels.	TVR service employees may be casual employees or under-the-table and paid lower wages without benefits
Property taxes	High property taxes	Residential rate and valuation. Attempts to legitimize the TVR industry through property tax parity to hotels have been strongly resisted by neighbors opposed to the industry.
Land value	Expensive land or lease rent	Residential property values and leases
Refuse removal	Paid by hotel	Removed by City, partly through hotel’s higher property taxes
Security	Paid by hotel	HPD, paid by City partly through hotel’s higher property taxes
Liability insurance	Paid by hotel for guests, employees, and owners	Insurance agents confirm that the typical homeowner’s policy excludes any commercial activity. This leaves paying guests uninsured.
Worker’s compensation and TDI	Paid by hotel	TVR service employees may be casual employees or under-the-table and are often not covered
Employee health insurance	Paid by hotel for employees	TVR service employees may be casual employees or under-the-table and are often not covered
FICA	Paid by hotel for employees	TVR operators may charge a separate “cleaning fee.” This leads us to suspect that they can make the substantial portion of the room rate a “real estate transaction” not subject to FICA. The IRS has ruled that all such income is subject to the self-employment tax, but some operators still charge separately for cleaning and rental.
Transient Accomodation Tax	Paid by hotel	History shows that TAT payment by small operators is more likely to be ‘overlooked’.

LEGITIMATE HOTELS COMPARED TO TVR LODGING — UNFAIR COMPETITION

TVR = B&B or Vacation Rental

January 7, 2015

ISSUE	LEGITIMATE HOTELS	TVR LODGING
General Excise Tax	Paid by hotel	History shows that GET payment by small operators is more likely to be 'overlooked'.
Income tax	Corporate income tax on profits paid by hotel corporation, then personal income tax on dividends paid by owners/investors	Unlikely to be organized as a corporation paying taxes on profits; usually an S corporation or more likely just as "self-employed" personal income
Labor	Many hotels are union organized and pay union scale and benefits.	Neighborhood TVR operators and service labor will be difficult or impossible for unions to organize.
Maintenance and construction work	Outside maintenance/renovation/repair projects are typically conducted by well-paid architects and licensed contractors.	TVR maintenance/renovation/repair may be performed by the operator or unlicensed cash-basis "handymen."
Modifications for disability access	Generally required and enforced	No requirements or not enforced
Disaster preparedness	Participation in designed preparedness plans to take care of guests during emergencies	Preparedness plans are unknown; there is no regulatory requirement.
Management	Typically trained or degreed professionals with credentials who are screened and qualified	Typically an individual with no training requirements, credentials, or screening.
Owner knowledge	A hotel land and building owner is aware of and approves the hotel operations. Hotels own or pay lease rent for the hotel use.	Sometimes operated by lessees without the knowledge and permission of the homeowner.
Location	Within areas zoned for the use; hotels cannot compete in residential-zoned neighborhoods.	In tranquil and scenic residential neighborhoods with permanent residents—a distinct advantage among a growing body of travelers, but resented by neighbors



VACATION RENTALS and B&Bs CONTRIBUTE TO O'AHU'S PRESSING HOMELESSNESS PROBLEM

O'ahu is an isolated rental housing market. Those requiring rental housing have nowhere else to go. The market is already tight and homelessness is a *pervasive problem* – largely fueled by the high cost of rental housing. The high cost is due to more people and more money chasing a relatively fixed rental housing supply.

IN THE TOP - OUT THE BOTTOM

Proponents of vacation rentals and B&Bs tell us that these high-end houses are not within reach of the poor or homeless anyway, so this will not impact them.....

They are wrong – the poor will be directly impacted and they will be the most impacted

It works like this:

- One more high-priced house leaves the rental market to become a B&B or TVR.
- That occupant takes their high income to a slightly lower cost house and displaces someone from that rental price range
- That displaced someone moves into a slightly lower cost house and displaces someone else yet again,
- This continues until we reach the lowest rental price rung where someone ends up with no house.

There is no other way for it to work.

VACATION RENTALS/B&Bs PAVE THE WAY FOR AFFORDABLE BEACH FRONT HOUSING FOR LOCAL FAMILIES



Keep It Kailua

Preserving Kailua's Character

February 22, 2016

To: The Honorable Sylvia Luke, Chair, the Honorable Scott Y. Nishimoto, Vice Chair and Members of the House Committee on Finance

Re: **Please OPPOSE HB1850 (The Airbnb Bill)**

We adamantly oppose HB1850 as written. The bill claims to allow transient accommodations brokers to register as tax collection agents to collect and remit general excise and transient accommodations taxes on behalf of operators and plan managers using their services, but it does much more!

- HB1850 hides the identity of legal and “illegal” transient lodging businesses (vacation rentals) from the tax department, County zoning officials and the public!
- HB1850 requires the Tax Department to attain a “subpoena” in order to audit individual transient accommodation businesses who utilize the brokers.
- HB1850 releases transient accommodations brokers from any liability for any unlawful activities (State & County laws) by the transient lodging businesses.
- HB1850 facilitates the growth of illegal transient lodging businesses in residential zoned neighborhoods.

Traditionally, the rental housing market and the hospitality industry do not intersect. However, AirBnB and other internet vacation rental brokers have created a platform that allows landlords to pit tourist dollars against renter dollars. Landlords can potentially earn significantly more money by converting traditional rental stock into AirBnB units, as many appear to have done.

Hawaii cannot afford to lose housing units. Recent government reports verify the State of Hawaii is facing a housing shortage of over 55,000 residential homes within ten years. Visitor lodging businesses in residential zoning reduces the local housing supply. The belief that an owner-occupied

vacation rentals do not reduce the housing supply is false. Apartments attached to homes, studios, cottages, Ohana units and ADU's are desperately needed housing in our residential community. The vast majority of young singles and young married couples "cannot" afford to purchase or rent an entire house. Vacation rentals of any type or form not only reduce supply of long-term rentals, they also drive up rental rates of long-term rentals.

Visitor lodging businesses in our neighborhoods also changes the "residential character" of our neighborhoods and the entire community by displacing local neighbors from our neighborhoods with a revolving door of strangers. Short-term tenants have little interest in public agencies or in the welfare of the citizenry. They do not participate in local government, coach paddling, or join the hospital guild. They do not lead a scout troop, volunteer at the library, or keep an eye on an elderly neighbor. Literally they are here today and gone tomorrow—without engaging in the sort of activities that weld and strengthen a community.

Thank you for your consideration.

Keep it Kailua

Keep It Kailua is a grassroots community group founded in 2004 whose purpose is to retain Kailua's family-oriented residential character and quality of life.

Keep It Kailua's goals are to:

- *Protect residential zoning and promote permanent residency in our neighborhoods*
- *Preserve and enhance scenic, civic, recreational and cultural features that define Kailua's sense of place*
- *Protect water resources essential to the health of the environment*
- *Preserve trees and maintain open green space*
- *Promote walking and the use of non-motorized bicycles as alternatives to automobile transportation within and around the town*
- *Promote businesses that serve the residential community*
- *Support other community groups with similar goals*

Please visit us at www.KeepItKailua.com



Eric Gill, Financial Secretary-Treasurer

Hernando Ramos Tan, President

Godfrey Maeshiro, Senior Vice-President

February 19, 2016

The Honorable Sylvia Luke, Chair
and Members
Committee on Finance
Hawaii State House of Representatives

TESTIMONY submitted on behalf of UNITE HERE! Local 5

Re: **HB 1850: Taxation; Transient Accommodations Brokers; Tax Collection Agents; General Excise Tax; Transient Accommodations Tax**
RELATING TO TAXATION.

Allows transient accommodations brokers to register as tax collection agents to collect and remit general excise and transient accommodations taxes on behalf of operators and plan managers using their services.

Chair Luke and Members:

UNITE HERE Local 5 is a local labor organization representing 11,000 hotel, health care and food service workers employed throughout our State. We would like to express strong **opposition** to HB 1850, which allows hosting platforms such as AirBnb and VRBO to collect and remit taxes on behalf of operators without provisions requiring relevant information be forwarded to the tax department. Transient accommodations brokers would have no motivation to correctly report or collect taxes from vacation rental owners or operators, since the tax department would have no way to verify the information they provide. The brokers would in fact have motivation not to remit the correct amount of taxes: a) in order to maintain a competitive advantage against hotels and other rental platforms; b) to protect illegal operators (on whose business the brokers often earn fees) from scrutiny and potential injunction; and c) to avoid negative attention from lawmakers that could lead to further meaningful regulations.

As it is, we can only guess at the amount of TAT and GET lost to the State and the counties from illegal vacation rentals, and this measure will make the problem worse by shielding vacation rentals from proper oversight by the tax department. A study commissioned by the Hawaii Tourism Authority identified 4,411 individually advertised units on Oahu as of September 2014, and over 22,000 across the state, making up over 25% of the total lodging supply. It is not clear how many of these are legal vacation rentals, individual self-managed rooms in condotels, etc., making it difficult to quantify illegal non-traditional hotel accommodations and their impact on the State. Moreover, the State and the counties need mechanisms for enforcing vacation rental laws so that we do not lose the housing inventory our state desperately needs to illegal vacation rentals.

Some vacation rental owners/operators have testified in other forums that they already pay required taxes but that their information should remain private for personal safety – even though they advertise via internet to strangers. On the other hand, **nobody else** running a legitimate business in this state is allowed that kind of anonymity. The only safety that kind of anonymity provides is the safety for illegal operators to continue operating illegally. In fact, if the public and regulators lack of access to information about the locations and operators of vacation rentals, this could create safety issues for visitors and residents. There is no justification for allowing transient accommodations owners and operators to skip out on regulations

that every other legitimate business in the state follows, especially when a significant fraction of advertised vacation rentals are illegal – a minimum of 42% of all vacation rentals on Oahu alone.

Institutionalizing the collection of tax money from illegal vacation rentals is a step toward blindly accepting all of them, regardless of location, safety concerns, community impacts and impacts on affordable housing. While there may be a legitimate need for some vacation rentals in order to cater to visitors who might not otherwise travel to Hawaii, this needs to be a broader discussion with a lot of community input. On top of being fundamentally flawed, this bill is therefore premature.

Illegal short-term rentals impact housing, the tourist industry and our sense of neighborhood. Our Union has done extensive studies on this issue and has progressive ideas on how to assist the counties on the enforcement of the current laws relating to transient vacation accommodations. We are willing to provide the information to this committee. We believe that any workable solution must include language that puts reporting requirements on hosting platforms in order to be successful.

Any initiative passed by the Legislature should not work against measures already adopted by the Counties that work to better enforce existing laws related to illegal vacation rental operations or initiatives that help to alleviate the housing crisis. As just one example, HB 1850 would work against the City and County of Honolulu's Accessory Dwelling Units (ADU) initiative passed and signed into law last year that works to address these two issues.

At the very least, we must require hosting platforms to provide the information the public needs to prevent proliferation of illegal rentals. This bill does the exact opposite.

HB 1850 is fundamentally flawed, specifically:

- a) HB 1850 would allow brokers to collect and remit taxes without any way of verifying that the amount they remit is anywhere near what the owners/operators owe;
- b) HB 1850 provides no means to identify the owners/operators;
- c) HB 1850 provides no responsibility on the broker to ensure that all of its listings are legal; and
- d) HB 1850 is counterproductive. It serves a purpose that is contrary to initiatives recently passed on the County level and works against the State's commitment towards addressing our housing crisis.

At a minimum, HB 1850 must be amended to include:

- 1) A publicly verifiable means for tracking which vacation rentals are being advertised, which ones have paid taxes, and how much each has paid. This is necessary for answering the two crucial questions about each vacation rental being advertised online: a) Is it paying taxes? and b) Is it operating legally?

To accomplish this:

- a) All ads should include both a Tax ID number and the address of the property being advertised;
- b) Brokers should be required to report Tax ID and address information for all listings along with the amount of tax money collected from each listing; and
- c) The report needs to be public.

This allows the Department of Taxation (DoTax), the counties and individuals the data they need to keep the rise of illegal units in check. Even if DoTax doesn't have the resources to act on anything right now, this will preserve their ability to do so later on. Otherwise, the State would have no verifiable way to know who's paying what (if any) taxes, thus putting into question the actual net gain in tax revenue from the measure.

Thank you for your consideration. We recognize the State's need to generate revenue, but we should carefully ensure that any measures passed actually accomplish what it is intended to do.

From: Allison Lum <alum@unitehere5.org>
Sent: Monday, February 22, 2016 10:50 AM
To: FINTestimony
Subject: Oppose Bill HB1850

Aloha House Finance Committee,

I am writing to submit testimony in opposition to HB1850.

I OPPOSE HB1850 because:

It would allow companies like Airbnb to collect and remit taxes without any way of verifying that the amount they remit is anywhere near what the vacation rental owners owe. It doesn't hold companies like Airbnb responsible for making sure these vacation rental listings are legal or illegal. **Illegal vacation rentals are a growing problem in our state, and this bill does nothing to fix it**. They're a problem not just because they aren't paying their fair share of taxes, but also because illegal vacation rentals take away affordable housing for local people and hurt our economy by directly competing with full-service hotels that provide good, local jobs.

We need genuine leadership by our legislators in Hawaii. Individuals that think not individually but of our collective responsibility to look out for the people who live and work in Hawaii, not just look out for off shore corporations like AirBandB. We can not trade our long term future for some quick cash. Yes, we need to get the revenue, but this is not the solution.

Our system is broken. We will see the homeless population increase if you pass laws like this one. The availability of truly affordable housing and good jobs are the two largest reasons why people are homeless. This too has a financial cost on our state. Every day I talk to our members, I currently am the union organizer for members in both Waikiki and Kauai. Protecting our members good jobs is a priority. When we do this we are also protecting the local economy.

I am also a renter myself. We have no rent control here in Hawaii, so the housing market is vulnerable to supply and demand. Our elected officials are viewed as weak to corporate interests and corrupt in the sense that you are viewed as too close to these interests. AirBandB wants to come in and exploit this. Please send a message that we are not weak. Hawaii can take care of its own. I care about Hawaii and I vote.

Aloha,

Allison

Allison Lum
Organizer UNITEHERE Local 5 and Resident of Honolulu
E-mail Alum@unitehere5.org



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Opposition to **HB 1850, Relating to Taxation**
House Committee on Finance
Scheduled for Hearing Tuesday, February 23, 2016, 2:00 PM, Room 308

Hawai'i Appleseed Center for Law & Economic Justice is a nonprofit law firm created to advocate on behalf of low income individuals and families in Hawaii. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Dear Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance:

Thank you for the opportunity to testify in **strong opposition** to HB 1850, which would allow vacation rental brokers to serve as tax collection agents for the purposes of collecting General Excise and Transient Accommodation taxes on vacation rentals. While we appreciate that the Hawai'i Department of Taxation is overworked and underfunded, and that this would relieve some of their collection burden, any additional tax collection potential has to be weighed against the hidden costs of this measure.

The Hawai'i Appleseed Center for Law & Economic Justice has long been involved in attempting to address the crippling lack of affordable housing in our state. Hawai'i has the highest rate of homelessness in the nation. This is due in no small part to the extraordinary cost of living in the state.

To be able to afford a 2-bedroom apartment in Hawai'i a worker needs to make \$31.61/hour (the average renter wage is \$14.49/hour)—the highest required renter-wage in the nation. In 2013, 79% of households making below 30% of the Area Median Income were paying more than half of their incomes just to keep a roof over their heads. When families pay too much in rent, making ends meet becomes a constant struggle. High housing-related expenses are combined with depressed wages, heavy taxes, and high costs for food and other necessities which create nearly insurmountable barriers for many Hawai'i residents. With so little income left after paying high housing costs, families are forced to cut corners. These rent-overburdened families are more likely to face challenges paying for nutritious and sufficient food and make difficult tradeoffs, particularly in health care and transportation expenditures. Both children and adults who lack affordable housing have poorer health indicators.

Families are often forced to move into sub-standard or crowded housing. In 2011, 13 percent of Hawai'i's households were doubling up with friends or family due to economic necessity, and a full 30 percent were either doubled-up or crowded.

The number of affordable and available housing units in Hawai'i does not come close to meeting the need for these units, especially for low-income households. The 2011 Hawai'i Housing Planning Study found that between 2012 and 2016, the state would need at least 28,000 units to meet the total housing demand. Two-thirds of overall demand—approximately 19,000 units—is from households who are considered low-income or below. Yet on Oahu, there aren't even enough units being developed to accommodate overall population growth, creating a shortfall of 2,000 units



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

annually. Exacerbating the problem, many new units are for the high end of the market and appeal to non-resident buyers as vacation or investment properties.

HB 1850 will only increase these problems by encouraging residents to convert rental space that could be going to provide affordable housing for local residents into vacation rentals for trendy tourists. Nearly 70% of vacation rentals in Hawai'i listed with industry leader AirBnB—some 3000 units—are categorized as “whole place” rentals (meaning a renter gets the entire home). Every one of these rentals represents a space that could have housed a local family that might otherwise be consigned to our growing homeless population.

While we acknowledge the need for more tax revenues, we question whether a measure that will likely exacerbate our already dire housing situation is the smartest way forward. We thank you again for the opportunity to testify and reiterate our **strong opposition** to HB 1850.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 10:12 AM
To: FINTestimony
Cc: joshua.noga@gmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Joshua Noga	Aloha Aina No Koolauloa	Oppose	Yes

Comments: I OPPOSE HB1850 because: it would allow companies like Airbnb to collect and remit taxes without any way of verifying that the amount they remit is anywhere near what the vacation rental owners owe; it doesn't hold companies like Airbnb responsible for making sure these vacation rental listings are legal or illegal; Illegal vacation rentals are a growing problem in our state, and this bill does nothing to fix it. They're a problem not just because they aren't paying their fair share of taxes, but also because: Illegal vacation rentals take away affordable housing for local people; Illegal vacation rentals hurt our economy by directly competing with full-service hotels that provide good, local jobs; Illegal vacation rentals are essentially illegal hotel operations in our own backyards. This impacts safety, parking, and the overall character of our neighborhoods.

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CHAIR SYLVIA LUKE

HB 1850

February 23, 2016
2:00 pm, Room 308

Dear Chair Luke and committee members:

We write in support of HB 1850, which would enable Airbnb and similar platforms to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Hawaii has a vibrant Airbnb community of responsible hosts and guests. Home sharing is an increasingly popular accommodations option, and the significant benefits it provides to both local businesses and thousands of local residents by generating supplemental income highlight the importance of this emerging economic sector. Airbnb's mission is to democratize travel by allowing anyone to belong anywhere. We make this happen through our people-to-people platform that connects hosts and guests in 191 countries and 34,000 cities around the world.

We pledged in our Community Compact to working with government to help ensure the efficient collection of tourist and hotel taxes. In that spirit, Airbnb has coordinated with the Hawaii Department of Taxation and the bill sponsors to support HB 1850 (and its companion bill SB 2693), legislation that will enable us to help our community pay its fair share of taxes.

HB 1850 would enable Airbnb to ensure full tax compliance and maximum tax revenue collection on all bookings conducted through our platform. It would also simplify administration for both the Department of Taxation and our host community, and reduce the State of Hawaii's enforcement burden in ensuring individual tax compliance.

Airbnb first began collecting and remitting hotel and tourist taxes from guests on behalf of hosts in San Francisco and Portland. Since then, we have worked together with forward-thinking authorities on similar initiatives in Amsterdam, Chicago, Malibu, North Carolina, Oakland, Washington D.C., Oregon, Palo Alto, Paris, Philadelphia, Phoenix, Rhode Island, San Diego, San Jose, Florida, and Washington (State). We are also collaborating with policymakers on similar efforts around the globe.

We understand from the hearing in the Senate on SB 2693 (the companion bill) that the Department of Taxation has some proposed language changes to the bill to address: (1) their authorization to deny or cancel a registration; (2) successorship language; and (3) registration forms. We are agreeable with (2) and (3). As to (1), while we can understand the Department's desire to have a broader scope for reasons to deny or rescind a registration, it is our position that the bases should still be clearly stated and laid out in the bill, or in rules to be adopted subsequent to its passage.

As we move forward, we will continue our work with leaders on common sense rules for home sharing. We are confident that we can work together on sensible and modern regulations that reflect the new economy, facilitate compliance, and make local communities stronger.

Regards,

Beth Adair

Beth Adair
Global Head of Tax



Cynthia Wang
Public Policy Manager, NW and Hawaii

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 8:28 AM
To: FINTestimony
Cc: nicki808cast@gmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Nichole A.	Individual	Oppose	No

Comments: I want to stay in hawaii and I want my kids to be able to live here in hawaii, our homeland. This bill makes me so angry that our representatives are not and do not care to actually represent us in protecting our home and future homes for our children. It's as if they don't realize that they are making the homeless problem and this bill will make it worse.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 8:16 AM
To: FINTestimony
Cc: xlipat@gmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Dr. Christine T. Lipat D.C.	Individual	Oppose	No

Comments: As a townhouse owner with extra rooms available to rent, while at the same time concerned about the housing shortage, fairness and equity, I recommend that this bill does not go forward. This bill will shield the names and addresses of illegal vacation rental operators, and will actually result in less TAT and GET taxes being collected. Language in the bills legally hides the name and the location of those actually operating the vacation rentals. Specifically: "...tax collection agent shall not be required to disclose to the (tax) director the names and addresses of any return, reconciliation, payment, or other filing by the registered transient accommodations broker tax collection agent under this chapter; provided that the name and address of an operator or plan manager shall be disclosed in response to a lawful and valid subpoena...." This language will make auditing nearly impossible and will help shield illegal operators from enforcement by county zoning officials. I support visitors staying in LEGAL tax-paying hotels or legal vacation rentals and let the state tax department effectively enforce the law and collect the taxes due.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 8:15 AM
To: FINTestimony
Cc: wahine96779@yahoo.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Halas	Individual	Oppose	No

Comments: Visitors must stay in legitimate TAX-COLLECTING hotels and vacation rentals thus enabling the State Tax Department to collect revenue. Mainland vacation brokers jeopardize this process thus potentially depriving Hawai'i of much needed tax revenue. Vacation rentals have obliterated much of the former long term housing market for local people throughout O'ahu and the neighbor islands. There is a dire shortage of affordable rentals for kama'aina. This issue must be addressed before accommodating out of state real estate brokers. Mahalo for your attention to this extremely important matter.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 7:54 AM
To: FINTestimony
Cc: michael@mcengineer.com
Subject: *Submitted testimony for HB1850 on Feb 23, 2016 14:00PM*

Categories: Green Category

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Michael McNulty	Individual	Oppose	No

Comments:

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3348 Kaunaoa St.
Honolulu, HI 96815

February 22, 2016

Honorable Chair Luke and Finance Committee members,

I am writing to urge you to kill HB 1850 because would allow brokers to collect and remit taxes without any way of verifying that the amount they remit is anywhere near what the owners/operators owe; it provides no means to identify of the owners/operators; and it requires no responsibility on the part of the broker to ensure that all of its listings are legal.

If you choose not to kill the bill, it should at the very least be amended to include a publicly verifiable means for tracking which vacation rentals are being advertised, which ones have paid taxes, and how much each has paid. Two crucial questions about each vacation rental being advertised online need to be answered: a) Is it paying taxes? And, b) is it operating legally?

To provide for the means for proper regulation, all ads should include both a Tax ID number and the address of the property being advertised. Brokers should also be required to report Tax ID and address information for all listings along with the amount of tax money collected from each listing in a public report. This allows DoTax, the counties and individuals the data they need to keep the rise of illegal units in check. Even if DoTax doesn't have the resources to act on anything right now, this will preserve their ability to do so later on.

There should also be a clear and serious penalty for "brokers" if they fail to secure the proper tax from individual owners/operators or enforce identification and reporting requirements. Not doing so ensures an uneven playing field between legal/illegal operators and reduces the State's ability to rely on such revenue for future planning.

Thank you for your thoughtful consideration of these concerns.

Sincerely,

Amy Perruso

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 10:32 PM
To: FINTestimony
Cc: ninaalena@hotmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Nina Alena Beatty	Individual	Oppose	No

Comments: I oppose this bill. I am for making these vacation rentals pay their taxes, but not for a transient accommodations broker acting as tax collection agent. This seems to make it complicated. It needs to be transparent. If Joe Smith is operating a rental, it should say Joe Smith. It is pretty simple. I have tried to complain about the 3 illegal rentals on my street. The inspectors come out. The occupants lie and just say they are friends with the owners. The inspectors need more power. I live on a street with 10 houses. 3 houses are illegal vacation rentals. One house is occupied about one month per year. That leaves only 6 houses with full time residents. One of these six is a new long term rental that is so expensive (because the demand is so high) that only a military family could afford it. All 3 beachfront homes are NOT occupied by long term residents. It is heartbreaking to me. Vacation rentals lead to a vicious cycle of pushing the poor or even middle class out and only allowing the rich to live here. The state also needs to consider rent control. It is getting out of hand. Most of my friends who have grown up on the North Shore still live with their parents or have had to move away. The more vacation rentals there are, the less community. I do think we should have some legal vacation rentals, as there is definitely a demand. But it needs to be heavily regulated (Maui did it!) and taxed. Come on Honolulu!

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 9:50 PM
To: FINTestimony
Cc: emandbillk@earthlink.net
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Emilia Thomas	Individual	Oppose	No

Comments: It is disappointing to see the state choose a means to collect taxes that defies common sense and logic. There is so many things wrong with transient vacation rentals and bed and breakfast accomodations that are operating illegally and now the state wants to add something else that is sure to go awry and cause more problems. Before creating another element in the controversial TVR and B & B industry, get the present problems solved first....get control of the proliferation of illegal TVR's and B & B's in residential neighborhoods. Has money clouded clear thinking?

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 8:29 PM
To: FINTestimony
Cc: dana.miller@icloud.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
dana miller	Individual	Oppose	No

Comments: Those paying TAT and GET tax should be a matter of public record. Too many private parties are renting illegally in our neighborhoods. They should not be able to hide their information. Not disclosing this information to the public contributes to the degradation of our communities by making enforcement of the laws difficult. The trick down lack of housing inventory contributes to directly to our bergening homeless problem.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 7:22 PM
To: FINTestimony
Cc: jeannine@hawaii.rr.com
Subject: *Submitted testimony for HB1850 on Feb 23, 2016 14:00PM*

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jeannine Johnson	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 7:21 PM
To: FINTestimony
Cc: leinaur001@hawaii.rr.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Roberts Leinau	Individual	Oppose	No

Comments: Please preserve our neighborhoods.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 5:16 PM
To: FINTestimony
Cc: johnamoore55@gmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
John Moore	Individual	Oppose	No

Comments: The Legislature should not be making it easier for illegal transient vacation rentals to operate! TVR's are destroying our neighborhoods, preventing families from finding affordable housing on Oahu and enriching a few greedy individuals. Please stop AirBNB from operating in our State - don't get in bed with them. We join in the comments and opinions expressed by the AiKea Movement and Save our Neighborhoods. Put your efforts into enforcing existing law not changing it. We know that serious money is involved. Illegal beachfront units in Kailua rent for upwards of \$10,000 a week. Smaller less desirable units still rent for more than most local families, even fairly affluent ones, can pay for a monthly rental. Don't sell Hawaii for a few campaign contributions!

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 4:30 PM
To: FINTestimony
Cc: susan.wurtzburg@gmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Susan J. Wurtzburg	Individual	Oppose	No

Comments: Aloha -- I rent in Kailua, and it is so difficult to find a 1-year lease-type rental because all the housing is short-term vacation renting. My current rental is on Kuuala Street, and the entire street is illegal BnBs (operating in the back of owner's homes, or entire owner's homes). The local infrastructure is overwhelmed in Kailua by the numbers of visitors staying in these illegal structures. My guess is that few of them pay tax. This scheme will allow vendors to continue to operate in the shadows, destroying the rental market for those of us who can't afford to buy a house, and overwhelming local services. I oppose this bill & would like to see the state realizing that there need to be LIMITS to tourism, and actually dealing with the short-term rental mess, rather than passing bills allowing illegal vendors to continue operations.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 2:51 PM
To: FINTestimony
Cc: rehagstrom@aol.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Hagstrom	Individual	Oppose	No

Comments: HB1850 enables illegal vacation rental businesses in residential zoning to replace their TAT & GET licenses ID on their advertising with an Airbnb.com or other vacation rental broker's license ID. This will make it difficult for public and zoning inspectors to identify these businesses and determine if they are legal or illegal! Illegal vacation rentals in residential zoning are reducing Hawaii's residential housing supply and driving housing cost, rent and property taxes upward for local residents. These illegal businesses also negatively impact the residential character and the quality of life of our neighborhoods and the surrounding community. Hawaii House bill HB1850 claims to be about making tax collection simpler for Airbnb vacation rentals owners, but actually are designed to "Hide" illegal vacation rentals and B&B hotels in residential communities. PLEASE OPPOSE HB1850

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 2:38 PM
To: FINTestimony
Cc: tcroly@maui.net
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

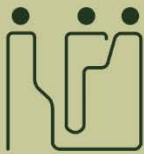
Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Croly	Individual	Support	No

Comments: I support the legislative intent of HB1850 to provide a way for a transient accommodation brokers to pay the required taxes from the rental of accommodations facilitated by the broker. The vacation rental industry has evolved over the past 25 years and has revolutionarily evolved in the past 5 years. And Hawaii's tax collection should evolve to facilitate the most effective tax collection. Twenty five years ago, most individually owned condominium units that were rented for transient vacation rental use were managed through a front desk or local broker rental program. The number of short term rentals managed this way has declined steadily over the past 25 years, while owner managed vacation rental has exploded in growth. In Maui County more than 11,000 individually owned condominium units and more than 300 private single family homes, have the zoning, permits, or grandfathered entitlements to allow them to be rented for transient use. The majority of these rentals are managed by their owners. But those owners may offer these rentals through a variety of brokers and advertising venues. While the owners of these properties are ultimately responsible for reporting their income from these rentals and paying the appropriate taxes, it could be more effective and more transparent to have the rental brokers report the revenues generated by these rentals and submit the appropriate taxes on behalf of the property owners. Airbnb and VRBO are two of the largest and fastest growing brokers for vacation rental uses. It should be made clear that the vast majority of accommodation listings on these adverting venues have the necessary entitlements to legally rent the advertised units for period of less than 180 day, while some of the listings found on these sites do not have the proper zoning, permits or other entitlements allowing transient uses. Nevertheless, the proper payment of requisite taxes is required by the State for these uses, whether or not the rentals are taking place in the appropriate zoning or with the appropriate permits. Allowing these brokers to assist the State in collection of taxes is not providing a license to violate local zoning requirements. These brokers and advertising venues, with the permission of their advertisers, can legally share financial transaction information with the State in an effort to help facilitate tax compliance. Conversely, the State is NOT in a position to ever share this financial information with the counties, or any other entity, without the express authority of the taxpayer. And it is important that taxpayers understand this, so that they are not afraid to properly report and pay the

appropriate taxes from their rentals.

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Richard Paul McClellan III
LAWYER

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Thomas Square Centre, 846 S. Hotel Street, Suite # 308
Honolulu, HI 96813

February 21, 2016

Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Members of the Committee on Finance

Hearing: February 23, 2016, 2:00 P.M.

Re: HB 1850 RELATING TO TAXATION
Transient Accommodations Brokers

CONCERNS & GENERAL OPPOSITION

Dear Chair Luke & Honorable Members:

I am a licensed attorney in private practice with an emphasis on federal and State tax compliance. I regularly represent individuals and business with serious tax problems. I believe I am familiar with many of the GE/TA tax aspects of the single-family residence employed as a vacation rental.

While this measure and its companion SB 2693 may have the potential to confer a financial benefit upon the State by facilitating the remission of presently unreported or under-reported "vacation rental" TA and GE tax revenues, the measure in its present form should not become law.

I believe this measure will not facilitate the collection of taxes but will instead create expanded and new opportunities for abuse and fraud, while limiting the ability of the Department of Taxation to audit vacation rentals when appropriate. Furthermore, this measure as written creates the potential for serious problems due to the lack of any financial responsibility requirements, bonding, or insurance by the Tax Collection Agents.

1. **Side Effect Of "All" Language.** As written, a TA Broker that decides to become a Tax Collection Agent must do so for "all" of its operators. There is no guarantee that major advertising platforms will undertake this responsibility in the way contemplated by this measure, or whether the market will bear the potential costs for the new services contemplated.

If major advertising platforms do not participate, or the major advertising platforms find a way to circumvent this "all" language, the benefit to the State in terms of tax revenue may be minimal or actually detrimental.

2. **Side Effect Of Confidentiality Provisions.** Act 326 of 2012 and Act 204 of 2015 required mandatory disclosure for vacation rentals. Act 204, effective January 1, 2016, actually requires disclosures of TA Licensing Information on all advertisements, and imposes penalties on advertisers for non-compliance. The

idea was that disclosure would encourage compliance with existing laws, tax and otherwise.

In contrast, HB1850/SB2693 appears to provide that operators that register with a Tax Collection Agent **will not have their revenues or identities disclosed**, even to the Department of Taxation, absent a subpoena. See, Section 2 (f) & (g.)

These provisions would appear to at best hamper and possibly thwart any compliance measures such as audits, or requests for information by the counties. It might be difficult or impossible for even the Department to detect underreporting, let alone for owners/operators to determine whether they were actually in tax compliance by virtue of their Tax Collection Agent's activities.

This measure should not be passed in any form with language that inhibits the ability of the public to determine who is operating a business or that prevents the Department of Taxation from auditing collection agents' operations or individual operator's gross receipts and net income.

3. **Financial security requirements for the Tax Collection Agents.** There is no requirement for financial solvency, insurance, or a bond to be posted and maintained for prospective Tax Collection Agents. While there is a personal liability provision, this does not insure that the State will actually receive unpaid taxes that are the result of financial insolvency, poor business practices, or outright criminal conduct. A Tax Collection Agent could abscond with funds (and perhaps records) from a large number of operators, over an extended period of time, before the Department of Taxation or individual operators became aware something was amiss.

Due to confidentiality provisions, discussed above, the possibility for fraud is substantial.

Vacation rentals are a major industry in Hawaii, and the combined GE & TA revenue is significant. Some of the potential Tax Collection Agents could have significantly higher revenues than our local banks and credit unions, yet without any sort of oversight or regulation. This could be extremely costly.

The Legislature should amend this measure to require the Department of Taxation adopt rules to insure only appropriate individuals and entities, with appropriate insurance, financial wherewithal, and perhaps bonding, are able to act as Tax Collection Agents.

4. **Problematic Compliance Issues.**

- a. **Multiple Licenses.** Many TA owners that were complying with the existing laws would have multiple tax licenses for a single property under

this provision. A license through each TA broker, plus a license for their own activities (many TA operators use more than one advertiser plus rent out their property directly.) If a Tax Collection Agent is required to file returns, how is the Tax Collection Agent to know of other rentals “on the side?” The presence of multiple licenses can only add to confusion and the potential for mistakes or malfeasance.

A better law would simply allow a Tax Collection Agent to simply transmit deposits of tax amounts, under the operator’s *existing* license number, by tax type, directly to the Department of Taxation, and require the operator to file returns.

- b. **Relief from Malfeasance.** If a Department-approved Tax Collection Agent absconds with funds, is the owner/operator still liable to the Department for the unpaid taxes, penalty, and interest?

If a Department-approved Tax Collection Agent underreports income, or altogether fails to file returns, is the operator still liable to the Department for the unpaid taxes?

Under this law, as presently written, the answer would probably be “yes.”

To have a fair and workable system, operators should not be liable for tax obligations actually collected by a licensed Tax Collection Agent but not paid over to the Department.

The Legislature should insure that the Department takes appropriate steps to require only financial responsible individuals and companies, with appropriate financial qualifications and perhaps a bond, are entrusted with this function.

Thank you for the opportunity to provide comments.

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 10:22 AM
To: FINTestimony
Cc: caban54@gmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Cindy Aban	Individual	Oppose	No

Comments: OPPOSE HB1850: Tell Airbnb to Share Better The fundamental flaws of HB1850: • it would allow brokers to collect and remit taxes without any way of verifying that the amount they remit is anywhere near what the owners/operators owe; • it provides no means to identify of the owners/operators; and • it provides no responsibility on the broker to ensure that all of its listings are legal. Illegal vacation rentals are a growing problem in our state, and this bill does nothing to fix it. They're a problem not just because they aren't paying their fair share of taxes, but also because: Illegal vacation rentals take away affordable housing for local people; Illegal vacation rentals hurt our economy by directly competing with full-service hotels that provide good, local jobs; Illegal vacation rentals are essentially illegal hotel operations in our own backyards. This impacts safety, parking, and the overall character of our neighborhoods. Our recommendation is to kill this bill, but to the extent the legislature continues moving the bill forward, it should at a minimum be amended to include: 1) A publicly verifiable means for tracking which vacation rentals are being advertised, which ones have paid taxes, and how much each has paid. This is necessary for answering the two crucial questions about each vacation rental being advertised online: a) Is it paying taxes? And, b) is it operating legally? To accomplish this: a. all ads should include both a Tax ID number and the address of the property being advertised; b. brokers should be required to report Tax ID and address information for all listings along with the amount of tax money collected from each listing; and c. the report needs to be public. This allows DoTax, the counties and individuals the data they need to keep the rise of illegal units in check. Even if DoTax doesn't have the resources to act on anything right now, this will preserve their ability to do so later on. Otherwise, the State would have no verifiable way to know who's paying what (if any) taxes, thus putting into question the actual net gain in tax revenue from the measure. 2) A penalty for "brokers" should they not secure the proper tax from individual owners/operators or enforce identification and reporting requirements. Not doing so ensures an uneven playing field between legal/illegal operators and reduces the State's ability to rely on such revenue for future planning of projects, etc.

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 10:16 AM
To: FINTestimony
Cc: james.e.raymond@hawaii.gov
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
James E. Raymond	Individual	Oppose	No

Comments: Kailua residents are overwhelmingly opposed to vacation/short-term rentals in residential neighborhoods - please do not promote this bill which appears benign but actually enables short term rentals in our neighborhoods. Thanks you, James Raymond Kailua

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 8:33 AM
To: FINTestimony
Cc: lisamarten@hawaii.rr.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Marten	Individual	Oppose	No

Comments: Dear Chair and Committee members, I strongly OPPOSE Bill HB 1850. I support the collection of taxes from transient accommodations, but this particular Bill appears to be a tool for illegal rentals to evade requirements to have their TAT and GET license IDs on their advertising. Similar Bills have appeared in other States as well, with AirBnB working behind the scenes to get them introduced. Given the problems with homelessness, and loss of neighborhood integrity that we face in our State, I hope those that submitted this Bill were just naive. I hate to think the largely illegal vacation rental industry has financial leverage with lawmakers in our State. Mahalo, Lisa Marten

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 21, 2016 4:01 AM
To: FINTestimony
Cc: ersmith30@hotmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/21/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
erich smith	Individual	Oppose	No

Comments: Hello, Illegal vacation rentals in residential zoning are reducing Hawaii's residential housing supply and driving housing cost, rent and property taxes upward for local residents. These illegal businesses also negatively impact the residential character and the quality of life of our neighborhoods and the surrounding community. I continue to see the negative impact of illegal vacation rentals here in Kailua and across the islands. These must be stopped. Mahalo, Erich Smith

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Aloha e Kōmike o ‘Oihana Kala,

HB1850

Hearing Date: 2/23/16, 2:00pm, Room 308

As a civically active and engaged resident of Hawai‘i, I am writing to let you know why I stand with others in **opposition** to HB1850.

First, there is an extreme housing shortage throughout Hawai‘i that short-term rentals are exacerbating. Many homes – FULL homes, are taken off the long-term rental market and used as illegal vacation rentals that price out and force ‘ohana from neighborhoods their families have lived in for generations. Renting out full homes **DOES NOT** “help families make ends meet” or “generate supplemental income,” but instead keeps local families out of homes.

Second, HB1850 does not address the fact that “operators and plan managers” are **conducting illegal business**. This bill is getting ahead of itself and is making a deal with “transient accommodations brokers” such as AirBnB and VRBO that are **facilitating criminal activity**.

I urge you to not succumb to the allure of “increased visitor capacity = increased visitor spending” and do what is right by the many ‘ohana struggling to find adequate housing. Do not allow this hewa to occur.

Mahalo for your consideration,
Justin Pequeño

Chair Luke and Vice Chair Nishimoto,

My name is Lisa Grandinetti. I am a registered voter, a student at the University of Hawaii at Mānoa, and I am a part of the AiKea Movement. I would like to express my concern about HB 1850.

Illegal vacation rentals present a growing and urgent problem in Hawaii and this bill does nothing to actually address it. The problem is not only that they are not fairly taxed, but also that they are exacerbating our housing crisis by taking away affordable housing for local people. In addition, they directly affect our number one industry by threatening jobs in hotels, which working people in Hawaii depend on.

There are several fundamental flaws with this bill. It would allow brokers to collect and remit taxes without any way for the state to verify if they remit what they actually owe; it does not provide means to identify owners and operators; and it does not hold the broker accountable to ensure all its listings are legal.

As a college student who is graduating soon, I must begin thinking about my future in Hawaii. It is not looking too good in terms of finding affordable housing and a good paying job. This bill does nothing to solve the problem of illegal vacation rentals, which is wreaking havoc on both housing and jobs. For these reasons, I urge you to vote no on HB 1850.

Thank you,
Lisa

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 20, 2016 9:28 AM
To: FINTestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB1850 on Feb 23, 2016 14:00PM*

HB1850

Submitted on: 2/20/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Oppose	No

Comments:

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From: Debora Rios <digitalspots@mac.com>
Sent: Friday, February 19, 2016 7:51 PM
To: FINTestimony
Subject: Oppose HB 1850

Aloha

Opposing House Bill 1850.

Need to keep companies like Air BNB accountable if other lodging facilities like our hotels pay Transient taxes so must vacation rentals pay their transient tax as well.

Sincerely,

Debora Rios

Local 5 member

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 9:41 AM
To: FINTestimony
Cc: dmerwick@yahoo.com
Subject: *Submitted testimony for HB1850 on Feb 23, 2016 14:00PM*

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Deborah Merwick	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 9:27 AM
To: FINTestimony
Cc: kailualynn@aol.com
Subject: *Submitted testimony for HB1850 on Feb 23, 2016 14:00PM*

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Rogers	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 7:47 AM
To: FINTestimony
Cc: kandis@mcengineer.com
Subject: *Submitted testimony for HB1850 on Feb 23, 2016 14:00PM*

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kandis McNulty	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 7:19 AM
To: FINTestimony
Cc: bautista.aprilk@icloud.com
Subject: *Submitted testimony for HB1850 on Feb 23, 2016 14:00PM*

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
April Bautista	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 6:42 AM
To: FINTestimony
Cc: boydready@hawaii.rr.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Boyd Ready	Individual	Oppose	No

Comments: Dear legislators: I oppose this bill. This bill would make it harder for County inspectors and concerned neighbors to identify where the activity is located. I oppose unless this is amended to retain the requirement that TAT# and other public identifiers appear on all web postings. Thousands of scofflaw commercial lodging operations are hiding in our neighborhoods, unfairly paying only residential property tax rates while earning big \$\$ as stealth public lodgings. Our neighborhoods on the North Shore have been penetrated to an outrageous 15.8% of housing stock per the HTA's study! Please do only what will assist, not hinder, County efforts to reign in this underground industry. With Respect, Boyd Ready Haleiwa

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 5:55 AM
To: FINTestimony
Cc: svilliger@aol.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
steve villiger	Individual	Oppose	No

Comments: The names of the taxpayer should be shown. By hiding the name of the taxpayer, the state is condoning illegal activity (illegal vacation rentals). By requiring the names to be shown, some may decide to stop their illegal activity by fear of getting caught.

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From: Anne Freese <annefreese@yahoo.com>
Sent: Sunday, February 21, 2016 10:50 PM
To: FINTestimony
Subject: OPPOSE HB1850 (AIRBNB BILLS)

Hawaii House bill HB1850 and the Senate bill SB2693 (Senate) should not be passed. This is a ruse by AirBnB to continue making money off illegal vacation rentals throughout Hawaii. The company claims that they want to help collect taxes from Airbnb vacation rentals owners, but actually they want to hide illegal vacation rentals and B&B hotels in residential communities. We believe Airbnb lobbyists are busy writing bills like these to continue their operations of supporting illegal rentals in Hawaii. If they really want to assist, they would insist that all the owners post their tax IDs on their ads. Air BnB refuses to do this even though there is a law requiring this information on ads..

The two bills enable illegal vacation rental businesses in residential zoning to *replace their TAT & GET licenses ID on their advertising with an Airbnb.com or other vacation rental broker's license ID* . The intent is to make it difficult for public and zoning inspectors to identify these businesses and determine if they are legal or illegal!

I strongly OPPOSE HB1850 because this will allow Airbnb to collect and remit taxes without any way of verifying that the amount they remit is anywhere near what the vacation rental owners owe; and it doesn't hold companies like Airbnb responsible for making sure these vacation rental listings are legal or illegal;

Recent studies have shown that over 90% of the listings in VRBO located in residential communities are actually "illegal" rentals.

DPP Director Atta stated in his ruling on the law; *"The fact a dwelling or lodging unit is not rented for 30 days after being used as a transient vacation unit (i.e., after it is rented for less than 30 days) does not change the nature of the completed, less than 30-day rental which amounts to using the property as a (illegal) transient vacation unit."*

The law is clear but AirBnB supports illegal operations. Many illegal vacation rental owners, property managers and unscrupulous realtors have repeatedly claimed that "less than 30 day" rentals are legal in residential neighborhoods as long as no other new or unrelated renters utilize the property during a 30 day window encompassing the less than 30 day rental period.

So, what are homeowners advised to do if there is an illegal rental in their neighborhood? According to DPP personnel, "If you do contact a vacation rental in a residential community, I would recommend you insist they give you their address and their non-conforming use certificate number. I would also recommend you call the City's Department of Planning at 808 768-8159 and make sure they are legitimate. By the way, some illegal vacation rentals owners will attempt to tell you they are legal because they only rent their properties once a month or will create a fraudulent monthly contract. This is bogus if they are intently providing you "stays" of less than 30 days."

There are so many ways owners of illegal vacation rentals who ignore the law and these bills allow AirBnB to continue to make it easy for vacation rental owners to continuously break the law.

I urge you to vote "NO" on these bills. It makes no sense to have a law that is ignored and not enforced. As it is now, owners of illegal rentals flout the law and feel completely entitled to do so. When there are no consequences, a law is meaningless.

We have lived in Kailua for 45 years. Three of the six houses across the street from us, on our private lane, are illegal vacation rentals. This is a residential neighborhood and these "businesses in the neighborhood" are illegal, and have drastically and negatively impacted our day to day living and quality of life. Allowing commercial operations in residential areas has resulted in a loss of neighborliness, as homes are occupied by a constant flow of strangers who are not vested in our neighborhood . We have lost our sense of community and neighbors who would have a vested interest in the neighborhood. Instead we have an influx of unknown vacationers. We need to protect the integrity of our residential neighborhoods.

Mahalo,
Anne R. Freese, PhD

From: Glenn Bauer <bauer001@hawaii.rr.com>
Sent: Sunday, February 21, 2016 3:34 PM
To: FINTestimony
Subject: HB1580

I oppose HB1850 (airbnb bills). I have lived in Kailua since 1978. In the last few years, the character, and security, of my neighborhood has been negatively affected by a proliferation of illegal vacation rentals. These rentals have driven up housing, rent, and property taxes and increased crime. The proposed HB1850 will allow illegal rentals to "hide" under this airbnb bill, making enforcement even more difficult than it already is. Enforce current laws to preserve the safety and character of existing communities and don't let mainland facilitators come in to disrupt and corrupt our way of life.

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<https://www.avast.com/antivirus>

From: Bob Watts <bobwatts@attglobal.net>
Sent: Saturday, February 20, 2016 7:18 PM
To: FINTestimony
Subject: Do not pass bill 1850

I am totally against bill 1850

From: Elen Stoops <stoopse@gmail.com>
Sent: Monday, February 22, 2016 4:59 AM
To: FINTestimony
Subject: OPPOSE HB1850

Dear Legislators,

Thank you for the opportunity to provide testimony.

As written, I OPPOSE this measure.

I ask the legislators to carefully reflect on how this proposed bill and its companion bill SB2693 interact with existing law, and affect law enforcement efforts.

Passage of HB1850 or companion bill SB2693 should only be considered when first evaluated against compliance with US Antitrust Commerce Law, as well as consistency and compatibility certain parts of Hawaii State Act 204.

Perhaps not the intention, this bill contains provisions that nevertheless portray favoritism for a SPECIFIC individual PROVIDER of online listings. An appearance of a special consideration for one provider was further amplified by the type and consistency of testimony provided on behalf of the companion bill SB2693.

HB1850 and SB2693 may be interpreted as intending certain exemptions from Act 204. Law enforcement efforts at the County and State level should be supported and not hampered by a loophole endorsed by HB1850 and SB2693 that proposes the option of anonymity of the rental operator. This obscures the need for all operators to post GE/TA tax IDs on any online advertisement for a vacation rental or to comply with others aspects of Act 204.

Removal of consistent application of Act 204, that requires every operator to post their tax registration ID on their unique online rental advertisements, interferes with the intended support for enforcement of zoning and tax compliance law.

This takes us backwards and will only serve to perpetuate a generalized animosity towards vacation rentals (by some groups in Hawaii), which when otherwise operated legally provide an asset to the state's tourism economy and overall welfare.

Worse yet, law enforcement problems should not be amplified as an unintended consequence of poorly crafted new laws.

Please Defer this bill.

Mahalo.

From: Jim Fernie <ferniej001@hawaii.rr.com>
Sent: Sunday, February 21, 2016 2:48 PM
To: FINTestimony
Subject: HB1850

I strongly oppose the subject. It's simply a tactic to hide illegal B&B and vacation rentals. Have an illegal B&B in my neighborhood...the traffic and parked cars along the road is horrendous, not to mention dangerous. It certainly pays to ignore the law.

Jim Fernie
896 Wanaao Rd.
Kailua, Hi. 96734

From: Linda Opple <ljopple@gmail.com>
Sent: Sunday, February 21, 2016 8:33 AM
To: FINTestimony
Subject: HB1850

February 21,2016

I vehemently oppose HB 1850. It would allow vacation rental brokers to remit taxes without any foundation that the remittance is actually what is owed. The proposal is trying to avoid the laws that are currently in place and promotes more vacation rentals in residential neighborhoods. These rentals need to be stopped and the laws that are in place need to be enforced. Vacation rentals are businesses and the properties should be taxed as businesses. Ensuring that excise tax collected is not enough. Please do not pass this bill.

Linda Opple

61 Wilikoki Place

Kailua, HI 96734

From: shirleyinhi@aol.com
Sent: Sunday, February 21, 2016 9:29 AM
To: FINTestimony
Subject: re HB1850 (Airbnb Bill)

I strongly oppose HB1850. This bill will not help residents who have illegal vacation rentals in their neighborhoods. Instead, it will actually aid in hiding these illegal activities by not requiring their TAT and GET identified in their advertising. How can they be traced so zoning inspectors can inspect to determine whether they are legal? The neighborhood I live in is being impacted by many illegal vacation rentals. They need to be stopped, and HB1850 does nothing to help. Please do not pass it.

Aloha,

Shirley Hasenyager
235 Kuuhoa Place
Kailua HI 96734-2734
shirleyinhi@aol.com
808-262-5069

From: Shirley Yanagisawa <yashirl@hotmail.com>
Sent: Sunday, February 21, 2016 4:27 PM
To: FINTestimony
Subject: House Bill 1850 and Senate Bill 2693

As a resident of Kailua for over 40 years I deeply oppose HB1850 and SB2693. They would negatively impact the residential feel of Kailua and would allow illegal rentals that would circumvent the owners' duty to pay taxes as the rest of us do. This would hide illegal vacation rentals in our community.

These bills would change their TAT & GET licenses ID on their advertising an Airbnb.com or other vacation rental brokers' license ID. These bills would make it difficult for zoning inspectors to identify these businesses and whether they are legal or illegal. As it is housing supplies in Hawaii are already declining and approval of this bill would drive up housing costs and property taxes for us "regular home owners". I would like to see our young adults in their 20 - 40 years of age and even beyond that to be able to own a home and stay in Hawaii instead of moving to the mainland. We already have enough of what is referred to as "brain drain" because they cannot afford to live here. What a shame that is. Hawaii can definitely use the intelligence of the many who move to the mainland or who do not return once they attend universities and colleges on the mainland. They would be a great addition to increase the state's improvement in all areas such as business, technology, etc.

Please encourage all members of our state legislature to defeat these bills. Mahalo.

Shirley Yanagisawa (yashirl@hotmail.com)
1139 Akipola St.
Kailua, HI 96734

From: Susan Dowsett <sdowsett@hawaii.rr.com>
Sent: Sunday, February 21, 2016 3:15 PM
To: FINTestimony
Subject: Oppose HB1850

Openness should be required for those doing business in our state. Illegal vacation rentals can be more easily "hidden" should this measure pass.

Susan and Jay Dowsett
1329 Maleko Street
Kailua, Hawaii

From: Tim Freeman <freemantOO1@hawaiiintel.net>
Sent: Sunday, February 21, 2016 2:51 PM
To: FINTestimony
Subject: HB1850

Totally oppose this attempt to allow Illegal B&B's and Illegal vacation rentals to operate in our r side tail neighborhoods.

Tim Freeman

From: Joanne <btterriermoms@hawaii.rr.com>
Sent: Sunday, February 21, 2016 9:17 PM
To: FINTestimony
Subject: HB1850

I strongly oppose Hb1850 as it only helps illegal vacation rentals. Stop this negative impact on our residential neighborhoods...mahalo.

Joanne Farmer
Lanikai resident

Sent from my iPad

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 10:08 AM
To: FINTestimony
Cc: pspriggs@hotmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Paul Spriggs	Individual	Oppose	No

Comments: Another bad idea. Great if you want to run an illegal B&B though.

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 10:05 AM
To: FINTestimony
Cc: neilfrazer@icloud.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Neil Frazer	Individual	Oppose	No

Comments: This bill, if passed, will allow operators of transient vacation rentals to conceal their identity. By promoting illegal vacation rentals it will reduce the stock of rental housing, thus damaging Oahu's residential neighborhoods and increasing levels of homelessness.

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Testimony in OPPOSITION to HB1850

Aloha Chair Luke and members of the Finance Committee,

I am testifying in opposition to HB1850. This measure is fundamentally flawed in the following ways:

- It would allow brokers to collect and remit taxes without any way of verifying that the amount they remit is anywhere near what the owners/operators owe;
- It provides no means to identify of the owners/operators; and
- It puts no responsibility on the broker to ensure that all of its listings are legal.

It is fundamentally unsound to turn over tax collection duties from the State - a party that has a vested interest in collecting the proper tax monies - to private entities who, regardless of how scrupulous they are right now, would make more profit by minimizing the amount they pay in taxes.

The lack of transparency compounds this problem to such a great extent that it is unclear whether the bill will effectively generate any additional tax revenue at all. Some owners & operators of illegal vacation rentals have testified in other venues that they already pay GET and TAT. There is no incentive in this bill for anyone to start paying taxes who is not currently doing so, since it leaves the Department of Taxation with no way to verify who did or did not pay taxes, or that they paid the correct amount.

I recommend that you do not pass this bill, but to the extent the members of this Committee choose to move the bill forward, please amend it to include:

- 1) A publicly verifiable means for tracking which vacation rentals are being advertised, which ones have paid taxes, and how much each has paid. This is necessary to determine if each one is paying taxes and how much they have paid. Additionally, it will help enforcement agencies determine whether each one is operating legally.

To accomplish this:

- a. all ads should include both a Tax ID number and the address of the property being advertised;
- b. brokers should be required to report Tax ID and address information for all listings along with the amount of tax money collected from each listing; and
- c. the report needs to be public.

This allows the Department of Taxation, the counties and individuals the data they need to keep the rise of illegal units in check. Even if the Department of Taxation does not have the resources to act on anything right now, this will preserve their ability to do so later on.

- 2) A penalty for brokers should they not secure the proper tax from individual owners/operators or enforce identification and reporting requirements. Not doing so ensures an uneven playing field between legal/illegal operators and reduces the State's ability to rely on such revenue for future planning of projects, etc.

If this bill was passed for any other industry with illegal enterprises, would the State really expect to start receiving tax money from them?

Thank you,
Benjamin Sadoski
5180 Likini Street, Apt. 1101
Honolulu, HI 96818
bsadoski@unitehere5.org

From: Jean Stromberg <strombergjean@gmail.com>
Sent: Monday, February 22, 2016 10:02 AM
To: FINTestimony
Subject: Oppose HB1850

Please vote NO to HB 1850.

This is a deeply flawed bill that shields illegal vacation rentals from detection with no public verification process. It will further erode the long-term rental market in Hawaii that our residents so desperately need.

Mahalo,
Jean S. Reiziss
PO Box 1517
Kailua, HI 96734

Feb. 22, 2016

Hello,

I am emphatically against HB1850.

Vacation rentals are illegal, and should be treated so. HB1850 appears to tacitly support an illegal operation.

I suggest you, elected officials, support and enforce the current laws. You are turning neighborhoods into areas full of non-neighbors.

Thank you.

Bradford Wood

From: Lydia Krone <kauaivacations4u@gmail.com>
Sent: Monday, February 22, 2016 10:19 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Lydia Krone

February 21, 2016

RE: Testimony in OPPOSITION of HB1850

Aloha Chair Luke, Vice Chair Nishimoto, and Committee members,

I am testifying in strong opposition SB2693.

Hawaii's tourism industry set a new record with 8.6 million visitor arrivals in 2015. The average length of stay for visitors were between approximately 5-14 days.

According to [HTA's press release](#), while hotels remained the primary lodging choice for visitors in 2015, the largest growth was in alternative accommodations such as short term rentals (+14.5% to 632,774) and bed and breakfast properties (+15.4% to 94,328). These types of short term accommodations require a non-conforming use (NUC) certificate issued by the City to legally operate. However, many of these rentals are operating illegally. For example, a quick search of Kailua shows nearly 500 transient vacation rentals are available, although only 60 NUC certificates exist.

The transient accommodations business is booming in Hawaii and taking a toll on residential neighborhoods, such as mine, by continuously replacing neighbors with strangers every week. Brokers such as AirBnB are aggressively [soliciting testimony](#) from operators in Hawaii to support this measure which will result in huge profits for them. On-line brokers collect a percentage of the rental from both the host and the visitor; losing or limiting the Hawaii market will affect their bottom line, but at the expense of our neighborhoods and residential areas.

Just look at the amount of cut&paste testimony sent in support of this bill. That is just a sliver of the thousands of illegal short term rentals throughout Hawaii. Passing this measure will negate various County ordinances throughout the State. If lawmakers find a need for this bill, amendments must be made to require proof of NUC certificates.

Please do not pass HB1850. Mahalo for considering my testimony.

Lisa Cates

From: Nenif Kacho <nenifkacho@yahoo.com>
Sent: Monday, February 22, 2016 10:25 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850
Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Nenif Kacho

February 22, 2016

Committee on Finance

Representative Sylvia Luke, Chair

Representative Scott Y. Nishimoto, Vice Chair

Re: HB 1850 Tuesday, February 23, 2:00 pm

Honorable Representatives:

I oppose HB 1850. The bill is fundamentally flawed and those flaws are unlikely to be addressed satisfactorily through the amendment process.

I applaud the effort to address the concerns of unregulated vacation rentals which is negatively impacting housing for local people and our local economy by bypassing the legitimate hospitality providers. HB 1850, however, allows companies like Airbnb to self-determine their share and their degree of accountability.

HB1850 would allow brokers to collect and remit taxes without any way of verifying that the amount they remit is the amount they owe. The measure does not provide for accountability in regards to ensuring the listings are legal and would not provide a means to identify the owners and operators.

The bill should be killed and a new piece of legislation should be crafted thoughtfully and carefully to address these concerns. Should the bill be allowed to move forward, it needs to include verifiable means for tracking and reporting advertised rentals, their legal status, their tax liability and their compliance.

Rental Ads should include both a Tax ID number and the address of the property and brokers should be required to publicly report tax ID and address information on all listings as well as the tax liability. The question of enforcement and consequences of non-compliance must also be addressed.

Thank you,

Susan Milton

1634 Makiki St.

Honolulu, HI 96822

From: Helen Petrovitch <hpetrovitch@phrei.org>
Sent: Monday, February 22, 2016 10:46 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community. Very importantly it will increase revenues for the state by preventing anyone from not paying taxes.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.
Best Regards,
Helen Petrovitch

Sincerely,

Helen Petrovitch

From: Jana Hogan <janahogan@hotmail.com>
Sent: Monday, February 22, 2016 10:34 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Jana Hogan

Sincerely,

Jana Hogan

From: Mark Hagadone <Hagadone@techexprts.com>
Sent: Monday, February 22, 2016 10:44 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know that I fully support sensible rules for short term rentals and am hopeful for the passage of HB 1850.

I support this Bill for the following reasons:

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income while providing nearly 15% of that income to the local tax coffers supporting sustainability of our local tourist industry. It allows our HAWAII tourists an opportunity brouse and shop in hawaii's local community enriching their experience an increasing their return frequency I many ways it models old Hawaii in hospitality and grace.

This keeps many people in the homes and the neighborhoods that they love and provides significant taxable income for Hawaii's economy.

HB 1850 would benefit the home sharing community and local economy because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Mark Hagadone

From: nancy brennan <nancy_paints@yahoo.com>
Sent: Monday, February 22, 2016 10:56 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Nancy

Sincerely,

nancy brennan

From: Nenif Kacho <nenifkacho@yahoo.com>
Sent: Monday, February 22, 2016 10:25 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Nenif Kacho

From: Stann Reiziss <reiziss@hawaiiantel.net>
Sent: Monday, February 22, 2016 10:47 AM
To: FINTestimony
Subject: OPPOSITION TO HB 1850

Opposed to HB 1850

This bill clearly and predictably provides

- the smoke screen and
- shield for the operation of illegal short term rentals, and
- shielding of collected and uncollected taxes.

Please vote NO to HB 1850

Stann W. Reiziss
P.O. Box 1517
Kailua, HI 96734

Testimony to OPPOSE bill HB1850.

2/22/2016

Please STOP allowing these foreign investment to continually come into our communities and turn homes for families into hotels. There are enough hotels and legal vacation rentals for accommodations.

Some state legislators have been lured into the false promise that if they turn Transient Accommodation Tax (TAT) and General Excise Tax (GET) collection over to mainland vacation rental brokers, the state will collect more tax money. They have turned a blind eye to provisions in these bills that will lead to the rampant spread of vacation rentals (mostly illegal under the counties' zoning laws) into O'ahu's, Maui's, Kaua'i's, and the island of Hawai'i's residential neighborhoods – and the resulting higher residential rental prices and homelessness. These bills will shield the names and addresses of illegal vacation rental operators, and these bills will actually result in less TAT and GET taxes being collected.

How can that be possible?

Language in the bills legally hides the name and the location of those actually operating the vacation rentals. Specifically: "...tax collection agent shall not be required to disclose to the (tax) director the names and addresses of any return, reconciliation, payment, or other filing by the registered transient accommodations broker tax collection agent under this chapter; provided that the name and address of an operator or plan manager shall be disclosed in response to a lawful and valid subpoena..." (Click HB1850 or SB2693 to read the entire text of the bills). This language will make auditing nearly impossible and will help shield illegal operators from enforcement by county zoning officials.

From the mainland vacation rental brokers' standpoint, these bills are great. The secrecy they provide and the bookkeeping tasks they provide for the local vacation rental operators will entice thousands more homeowners to violate local zoning laws by operating as illegal vacation rentals.

Airbnb has already mailed postcards enticing O'ahu homeowners to convert and list their property as a vacation rental with Airbnb – mailed to addresses known to be in residential zoning where renting for less than 30 days is illegal.

Also, the thousands of illegal vacation rentals now operating in the open but currently paying their TAT and GET can cancel their current TAT and GET licenses and list only occasionally with the "mainland vacation rental broker/tax collection agent" while still renting most of the time through their own site. Then, if audited by the state tax department, that scofflaw can simply provide proof that they rented through the shielded "tax collection agent," whose records are sealed. Even the "mainland vacation rental broker/tax collection agent" cannot divulge the name, address, or transactions of the scofflaw without a subpoena. The already-understaffed state tax department will not have the time or resources to get dozens or hundreds of subpoenas.

How will these bills affect housing and homelessness?

Encouraging more residential homes to be converted to mainland-brokered vacation rentals will result in even fewer homes available for long-term rent for Hawai'i's families. Higher rents and more homelessness are the inevitable result.

What do other communities have to say about the mainland vacation rental brokers?

One major official report comes from the New York Attorney General: NY Atty General Report. The Salon magazine report. Another report comes from the Pew Charitable Trusts.

Let's make sure that our visitors stay in LEGAL tax-paying hotels or legal vacation rentals and let the state tax department effectively enforce the law and collect the taxes due.

Thank you,
L. Minihan

What's in these nearly identical bills and why should they be defeated?

Please say NO to HB 1850. Don't be lured into the false promise that if you turn Transient Accommodation Tax (TAT) and General Excise Tax (GET) collection over to mainland vacation rental brokers, the state will collect more tax money. Provisions in this bill will lead to the rampant spread of vacation rentals (mostly illegal under the counties' zoning laws) into our islands' residential neighborhoods – and the resulting higher residential rental prices and homelessness.

Language in the bill legally hides the name and the location of those actually operating the vacation rentals. Specifically: "...tax collection agent shall not be required to disclose to the (tax) director the names and addresses of any return, reconciliation, payment, or other filing by the registered transient accommodations broker tax collection agent under this chapter; provided that the name and address of an operator or plan manager shall be disclosed in response to a lawful and valid subpoena...." This language will make auditing nearly impossible and will help shield illegal operators from enforcement by county zoning officials.

From the mainland vacation rental brokers' standpoint, this bill is great. The secrecy and the bookkeeping tasks the bill provides for the local vacation rental operators will entice thousands more homeowners to violate local zoning laws by operating as illegal vacation rentals. Airbnb has already mailed postcards enticing O'ahu homeowners to convert and list their property as a vacation rental with Airbnb – mailed to addresses known to be in residential zoning where renting for less than 30 days is illegal.

Also, the thousands of illegal vacation rentals now operating in the open but currently paying their TAT and GET can cancel their current TAT and GET licenses and list only occasionally with the "mainland vacation rental broker/tax collection agent" while still renting most of the time through their own site. Then, if audited by the state tax department, that scofflaw can simply provide proof that they rented through the shielded "tax collection agent," whose records are sealed. Even the "mainland vacation rental broker/tax collection agent" cannot divulge the name, address, or transactions of the scofflaw without a subpoena. The already-understaffed state tax department will not have the time or resources to get dozens or hundreds of subpoenas.

Encouraging more residential homes to be converted to mainland-brokered vacation rentals will result in even fewer homes available for long-term rent for Hawai'i's families. Higher rents and more homelessness are the inevitable result. Please make sure that our visitors stay in LEGAL tax-paying hotels or legal vacation rentals and let the state tax department effectively enforce the law and collect the taxes due. Do not let bill pass.

From: Paola Rodelas <paolarodelas@gmail.com>
Sent: Monday, February 22, 2016 11:17 AM
To: FINTestimony
Cc: Rep. Sylvia Luke; Rep. Scott Nishimoto; Rep. Romy Cachola; Rep. Ty Cullen; Rep. Lynn DeCoite; Rep. Aaron Ling Johanson; Rep. Jo Jordan; Rep. Jarrett Keohokalole; Rep. Bertrand Kobayashi; Rep. Matthew LoPresti; Rep. Nicole Lowen; Rep. Richard Onishi; Rep. James Tokioka; Rep. Kyle Yamashita; Rep. Feki Pouha; Rep. Gene Ward
Subject: Testimony: OPPOSE HB1850

Aloha, House Finance Committee:

Please see my attached testimony to **strongly oppose** HB1850. Thank you!

Warm regards,

--

Paola Rodelas
808-333-4782

From: Evans McGowan <evmcgowan@gmail.com>
Sent: Monday, February 22, 2016 11:19 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Evans McGowan

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 11:43 AM
To: FINTestimony
Cc: evans@hawaii.edu
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Dale Evans	Individual	Oppose	No

Comments: I am opposed to the legislation in HB1850 that would outsource vacation rental tax collection to brokers on the U.S. mainland. I hope that Hawaii legislators will demonstrate confidence in our local agencies responsible for these matters by refusing to move this bill forward or pass it. Our tourism industry does not need to have even more out-of-state interests cashing in on our tourism economy than already exist. I particularly object to the “cover” the legislation gives to zoning regulation scofflaws operating illegal short-term visitor accommodations in residential neighborhoods. Making the records of these proposed mainland collection agencies accessible only by subpoena is a shameful violation of transparency. Please let the state tax department do its job. Collecting TAT and GET from vacation rental operators should not be deemed beyond the capacity of our dedicated state employees. There should be ample reward for efforts in this area, because many vacation rental operators do not pay appropriate taxes on their income. Outsourcing the tax collection by giving mainland brokers an access to our tourism economy that will encourage further illegal rentals by shielding them from discovery is a cynical idea. Indeed, it seems that this bill is being entertained on behalf of those profiting from disrupting residential zoning and limiting long-term rental opportunities for residents.

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

In opposition to HB 1850

To Whom It May Concern, I oppose this proposal as it will only open the door to more illegal rentals in what is by law a residential area. So many homes in Kailua and elsewhere on Oahu are doing illegal vacation rentals (TVU's) and there is little to no recourse to stop them as the enforcement of these infractions goes unresolved. I have filed complaints for more than 8 years on such activity with the Enforcement Branch of the DPP, written to the Mayor and received responses but still these illegal TVU's are allowed to operate. While I applaud the action to finally collect the taxes we are missing out on that the legal operators pay, this bill would bypass the law that Governor Ige put into effect on January 1st requiring that all TVU post their tax ID number on their webpage (which is not happening nor is it being enforced). Wouldn't this serve as a signal to those without permits that what they are doing is really okay as long as they pay taxes? Can you name any other illegal business activity that is allowed as long as taxes are paid? Doesn't this set a bad precedent?

Please step back from passing this bill and 1st look to stop the illegal TVU's. Start enforcing the current laws on TUV's, collecting the fines and collect the tax payment, (GET and TAT) on legal rentals. Ban illegal TVU's in their entirety wby enforcing the laws we already have. Close them down! The future of our communities is at stake and in your hands. Perhaps you are fortunate to not be surrounded by vacationing families, perhaps your neighborhood is stable with residents you know, but mine is not. I feel like I live in a hotel zone instead of beachside in Kailua. Five years from now, living in Hwii will become a greater challenge for our children as real estate will become more expensive to but or rent and our residents will be replaced by investors and tourist.

Please reconsider your actions.

Sincerely,

Dave DiBerardino

February 22, 2016

Testimony on HB 1850: OPPOSE

Let's be clear:

HB 1850 shields scofflaws operating illegal vacation rental units via the businesses of off-island tax collection agents.

Law-abiding citizens have made their wishes clear to our elected officials time and time again: Support effective enforcement of existing zoning laws that prohibit illegal vacation rentals.

HB 1850 counters the wishes of law-abiding citizens by undermining enforcement of existing residential zoning laws regarding illegal vacation rentals.

By shielding illegal rental scofflaws HB 1850 feeds the blight of illegal vacation units in our residential neighborhoods and squeezes out the legal rental units for local families.

Do the right thing. Shine the light on those who are breaking our laws and operating illegal vacation rentals.

Vote NO on HB 1850. Do not allow HB 1850 to hide scofflaws who are breaking the law and turning our residential neighborhoods into hotels.

By the way: I also request that everyone who offers testimony be asked, "Do you operate an illegal vacation rental?" Then you will observe which testifiers are law-abiding citizens and which are scofflaws who want to further veil their illegal behavior with laws like HB 1850.

Respectfully submitted,

Deborah Wood
Kailua, Oahu

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 11:26 AM
To: FINTestimony
Cc: bpacker@maui.net
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
SharLyn Foo	Individual	Oppose	No

Comments: Aloha Are you now saying that if you pay taxes you are now legal vacation rental? Perhaps the state should let the city know that state tax office and legislators are legalizing all vacations rental!

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From: Rose Macias <rosemacias3@gmail.com>
Sent: Monday, February 22, 2016 11:28 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Rose Macias

From: Walter Wright <Wrightw001@hawaii.rr.com>
Sent: Monday, February 22, 2016 11:40 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

Vacation rentals in residential districts are common throughout the civilized world and some of the uncivilized world as well. Hawaii seems backward when it attempts to outlaw this very normal activity which imposes very few burdens on infrastructure, and brings revenue to Hawaii that might otherwise go to countries or states where you can Rent a room or a house for vacation.

I encourage you to vote in favor of the bill sponsored by Airbnb as a simple and useful means of collecting the appropriate taxes from vacation rental activity.

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

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Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Walter Wright

I strongly OPPOSE HB1850 because it moves regulations of vacation units in the wrong direction. I am a renter in our community in an extremely tight rental market. My rent just went up ANOTHER \$60. Companies like AirBnb only make it harder for me and my 5 kids, so why would my government support bills that make it easier for them?

Below are just a few of the problems with HB1850:

- it would allow companies like Airbnb to collect and remit taxes without any way of verifying that the amount they remit is anywhere near what the vacation rental owners owe;
- it doesn't hold companies like Airbnb responsible for making sure these vacation rental listings are legal or illegal;
- Illegal vacation rentals take away affordable housing for local people;
- Illegal vacation rentals hurt our economy by directly competing with full-service hotels that provide good, local jobs;
- Illegal vacation rentals are essentially illegal hotel operations in our own backyards. This impacts safety, parking, and the overall character of our neighborhoods.

Mahalo,
Victor Gonzales
Liliha

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 11:53 AM
To: FINTestimony
Cc: 808alerts808@gmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
C.A.	Individual	Oppose	No

Comments: To Chair Luke and committee members, Thank you for this opportunity to testify. I strongly oppose HB1850. This bill only exacerbates the economic obstacles for people in Hawaii and does nothing to help the average middle class working family. This bill makes our state worse. Owners of AirBnB-type vacation units are local residents who can afford a second home, or worse, foreign investors. These AirBnB-type vacation units reduce the supply of rental housing causing rent prices to go up for local residents. Hawaii already has a problematic shortage of affordable housing, this bill will make things worse. If we begin to legitimize this industry, the number of foreign investors who will flood our state looking for investment homes will further crush the home-ownership dreams of local residents. Individual vacation units undermine our hotel industry. Hotels provide good jobs (staff and management level) and full service amenities like restaurants and bars and concessionaires. AirBnB-type rentals do not provide those numerous jobs and ancillary services, in fact, AirBnB-type companies could kill Hawaii hotel jobs and reduce hotel room rates. Legalizing illegal vacation rentals after the fact is wrong and bad public policy. We have established zoning rules and community development plans for a reason. Legitimizing the AirBnB industry and giving it quasi-legality through this bill is giving these corporations the power to hurt and undermine Hawaii hotels. Hawaii was built on the hotel and tourism industry, what will happen to our state if we invite in a job-killing, poorly regulated, free-for-all industry that competes with hotels? The individual vacation rental unit industry in Hawaii should not be encouraged or legitimized. HB 1850 and the AirBnB industry hurts our overall economy, benefits the already rich at the expense of everyone else and undermines the foundation of our tourism industry.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 11:52 AM
To: FINTestimony
Cc: garrisonpamela@hotmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Pamela Garrison	Individual	Oppose	No

Comments: I oppose this bill. Kailua has become WAIKIKI #TWO, without voices of Kailua residents being heard. Only profiteers want Kailua to be a tourist enclave. Anything AIR B&B supports, like this bill, will HURT local residents. Please help us! Aloha, Pam Garrison

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From: Cara Fernandez <Kiilehua@hawaii.rr.com>
Sent: Monday, February 22, 2016 12:02 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Cara Fernandez

From: james COLES <jamescolesinthemix@gmail.com>
Sent: Monday, February 22, 2016 12:02 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

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Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

james COLES

From: Petra Grimm <petra_grimm@hotmail.com>
Sent: Monday, February 22, 2016 11:49 AM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

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Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Petra Grimm

I strongly OPPOSE HB1850 because it moves regulations of vacation units in the wrong direction. I am a renter in our community in an extremely tight rental market. Companies like AirBnb only make it harder for me and my family, so why would my government support bills that make it easier for them?

Below are just a few of the problems with HB1850:

- it would allow companies like Airbnb to collect and remit taxes without any way of verifying that the amount they remit is anywhere near what the vacation rental owners owe;
- it doesn't hold companies like Airbnb responsible for making sure these vacation rental listings are legal or illegal;
- Illegal vacation rentals take away affordable housing for local people;
- Illegal vacation rentals hurt our economy by directly competing with full-service hotels that provide good, local jobs;
- Illegal vacation rentals are essentially illegal hotel operations in our own backyards. This impacts safety, parking, and the overall character of our neighborhoods.

Mahalo,
NATHANIEL FELICITAS
WAIPAHU

From: Arthur Gilmore <aogilmore@gmail.com>
Sent: Monday, February 22, 2016 12:25 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii homeowner, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

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Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Arthur Gilmore

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 12:27 PM
To: FINTestimony
Cc: jen_keala@yahoo.com
Subject: *Submitted testimony for HB1850 on Feb 23, 2016 14:00PM*

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Barra	Individual	Oppose	No

Comments:

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From: Peter Sturges <psturges@unitehere5.org>
Sent: Monday, February 22, 2016 12:28 PM
To: FINTestimony
Subject: NO to HB1850

HB1850 promotes economic imperialism, contributes to the loss of business to our essential hotel tax and wage base, and pushes up the cost of rental housing.

AirB&B, Uber and the like have a business model of law breaking for profit.

Peter Sturges

From: Jenny Choy <jenchoy55@yahoo.com>
Sent: Monday, February 22, 2016 12:31 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Dear Chair Luke & members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

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HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

I have used Airbnb in my travels all around the world for lodging in countries such as Italy and France, as well as in U.S. cities such as Seattle, WA, Portland, OR and New York City. Being able to live and share in a community's culture is such an invaluable experience instead of restricting yourself to big bland tourist hotels.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,
Jenny Choy

Sincerely,

Jenny Choy

From: Delia Garcia <opal169@yahoo.com>
Sent: Monday, February 22, 2016 12:37 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

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Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Delia Garcia

February 22, 2016

Dear Honorable Sylvia Luke, Honorable Scott Y. Nishimoto and Members of the House Committee on Finance

Re: **Please OPPOSE HB1850 (The Airbnb Bill)**

I oppose HB1850 as written. The bill could significant harm our residential communities by allowing the proliferation of illegal vacation rentals in residential zoned neighborhoods throughout Hawaii.

- HB1850 shields the identity of legal and “illegal” vacation rentals from the Tax Department, County zoning officials and the public!
- HB1850 requires the Tax Department to attain a “subpoena” in order to audit individual transient accommodation businesses who utilize the brokers.
- HB1850 releases transient accommodations brokers from any liability for any unlawful activities (State & County laws) by the transient lodging businesses.
- HB1850 facilitates the growth of illegal transient lodging businesses in residential zoned neighborhoods.

Hawaii desperately needs more housing for our people, not hotel rooms in our neighborhoods. Those who own 2nd homes or have cottages, studios or apartments on their property can generate income by renting long-term as zoning laws permit.

It saddens me greatly when I see homeless families living on the streets because they cannot find or afford adequate housing. Please kill this bill. It’s wrong for the State to be supporting an industry that is harming so many of our residents.

Thank you

Stuart Simmons

Hawaii Resident

From: Jeremy Munoz <jsmunoz@hotmail.com>
Sent: Monday, February 22, 2016 12:58 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

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Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Jeremy Munoz

From: JR Shirley <Jrandalls@yahoo.com>
Sent: Monday, February 22, 2016 1:17 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

I live in Kona, a community where many rentals operate, and have personally observed the financial benefits to our local economy and the financial help these properties provide to the owners--often making it possible for them to keep and maintain their homes.

I'm also aware of how much travelers enjoy the unique accommodations experiences they have by staying in Airbnb properties. I've heard from many property owners how they wish the GET/TAT system were simplified and made 100% fair via having the taxes collected and even remitted by Airbnb and similar services.

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

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Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

JR Shirley

From: REGINA DE LOS REYES <regina.dlreyes@yahoo.com>
Sent: Monday, February 22, 2016 1:04 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

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Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

REGINA DE LOS REYES

From: Ronald Steiner <steiner289@gmail.com>
Sent: Monday, February 22, 2016 1:01 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes

Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, tax payer, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

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Please show that you support your constituents and our voices and vote yes on HB 1850.

As a note attached to this form letter provided by Airbnb, I would like to add that as a homeowner and supporter of this HB, I rent mostly to local families who now live on the mainland coming back to visit families on Oahu...we, the short term rental community provide a viable option to the only other housing, Waikiki. For all our local folks, it's more convenient and helpful to those who have no need for the bustle of Waikiki or the added expenses...Please help us help the families of Hawaii by supporting this Bill....Aloha and Mahalo, ron steiner

Thank you so much.

Sincerely,

Ronald Steiner

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 1:17 PM
To: FINTestimony
Cc: ndwgroves@gmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Nicholas Groves	Individual	Oppose	No

Comments: To Our Representatives: I oppose this measure because it gives transient accommodation brokers more foothold in the society of our great state. By granting transient accommodation brokers tax collecting power, the problem of illegal vacation rental properties will only become exacerbated. This measure side steps the problem of illegal vacation rental properties. This is a growing problem in our community that affects the number of affordable housing for local people, among other things.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 1:41 PM
To: FINTestimony
Cc: aavery@hawaii.rr.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM

HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Alexandra Avery	Individual	Oppose	No

Comments: I oppose HB1850 The Transient Accommodations Tax and General Excise Tax share a problem that many other laws in the State of Hawaii experience. There is no enforcement. Instead you rely the honor system. We all know it is not working. When there is no enforcement there is no reason to abide by the law. You are the lawmakers. You should be creating the tools to enforce the laws. This means more inspectors and random audits with large fines for lawbreakers. That is how you collect the taxes that are due. Instead of doing your job you create HB1850 to let other entities act as tax collectors. You give away the ability to audit. There is no way for the State to know who is paying the tax, or if they are paying all that is due. HB1850 makes it impossible for the State to audit activities without issuing a subpoena to the collection entity. So the State of Hawaii is creating a law to require legal action to take a multi billion dollar company to court to try to get information that the State should be getting now. Any high school senior could tell you what a joke that is. It is time to start enforcing our laws. Do your job. Stop encouraging anarchy. Kill HB1850.

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Vernon Hinsvark

42 Palione Place
Kailua, Hawaii 96734
808 262-2955
verno@hawaii.rr.com

2/22/2016

I oppose HB1850

The Transient Accommodations Tax and General Excise Tax share a problem that many other laws in the State of Hawaii experience. There is no enforcement.

Instead you rely the honor system. We all know it is not working. When there is no enforcement there is no reason to abide by the law.

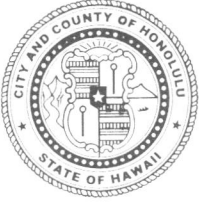
You are the lawmakers. You should be creating the tools to enforce the laws. This means more inspectors and random audits with large fines for lawbreakers. That is how you collect the taxes that are due.

Instead of doing your job you create HB1850 to let other entities act as tax collectors. You give away the ability to audit. There is no way for the State to know who is paying the tax, or if they are paying all that is due.

HB1850 makes it impossible for the State to audit activities without issuing a subpoena to the collection entity. So the State of Hawaii is creating a law to require legal action to take a multi billion dollar company to court to try to get information that the State should be getting now.

Any high school senior could tell you what a joke that is. It is time to start enforcing our laws.

Do your job. Stop encouraging anarchy. Kill HB1850.



LATE

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 202
HONOLULU, HAWAII 96813-3065
TELEPHONE: (808) 768-5010 • FAX: (808) 768-5011

RON MENOR

Councilmember, District 9

Email: rmenor@honolulu.gov

Phone: 808-768-5009

FAX: 808-768-5011

WRITTEN TESTIMONY ONLY

TESTIMONY OF
COUNCILMEMBER RON MENOR
COUNCIL DISTRICT 9
CITY AND COUNTY OF HONOLULU

House Bill 1850
RELATING TO TAXATION

Chair Luke, Vice Chair Nishimoto and Finance Committee Members:

I am testifying in opposition to House Bill 1850, Relating to Taxation.

In the February 10, 2016 edition of the Honolulu Star-Advertiser, it was reported that Airbnb has not complied with Act 326, which took effect on January 1, 2016, requiring owners and managers of Hawaii vacation rentals to post their transient accommodations tax identification numbers on their online advertisements.

In the article, Senator Laura Thielen, who introduced the identification requirement in Act 326, was quoted as saying:

"It's not our responsibility to enforce county code, but the state should not be undermining enforcement efforts by issuing TAT numbers to illegal operators. It's important that they follow up on Act 326 and start issuing fines."

House Bill 1850 allows Airbnb, VRBO and others to collect and remit taxes on behalf of operators without provisions requiring critical information be provided to the State Tax Department. There is NO assurance that they will correctly report the amount of taxes that should be collected.

Clearly, the problems related to illegal transient accommodations affect both the State and the counties. Prior to approving this legislation, there should be considerable discussion and coordination between the numerous parties involved, including the appropriate state and county government agencies. Passing this legislation during this session would be premature.

Mahalo for the opportunity to submit testimony on this bill.

From: Jennifer Gonzales <jennif431@aol.com>
Sent: Monday, February 22, 2016 2:43 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes



Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

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Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much. The state will always get taxes from everyone doing business.

Sincerely,

Jennifer Gonzales

LATE

Vacation rentals are a back-door to put hotel rooms in neighborhoods that aren't supposed to have hotel rooms.

I oppose the operation of all vacation rentals in the residential zones on Oahu especially the illegal ones because they are a back door to use the land for unzoned purposes and push out the local residents. Most of my friends on the street next to me growing up have had to move out because of increasing rents, while some of this is unavoidable allowing vacation rentals in neighborhoods explodes short term rental values and makes renting for long periods a financial mistake for the owners. As of right now most of the beachfront houses on the N Shore don't have residents living in them, it is hard to blame the residents when so much money can be made from short term rentals. The absence of residents changes the area entirely, replacing the local community with transients removes people who care about the land there and kills the residents' connection to where they live. At the end of the day neighborhoods like the north shore need to be preserved for residents and this isn't only true from the residents perspective. If we do not preserve any land in agricultural/ residential areas as it is and allow rampant misuse of all of our land the tourists will have no reason to visit. For proof you can look at how many visitors skip Oahu entirely and go directly to Maui.

Allowing vacation rentals in residential areas deprives the local populace of it's own housing and contributes directly to the cultural erosion of the island and state. BIG MISTAKE for both the residents of this state and the government officials that need them to hold office.

From: Arik Salvador <ariksalvador@hotmail.com>
Sent: Monday, February 22, 2016 3:16 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes



Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Arik Salvador

Sincerely,

Arik Salvador

From: Karen Repan <repankaren@yahoo.com>
Sent: Monday, February 22, 2016 4:26 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes



Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Karen Repan



LATE

Maui Hotel & Lodging

ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

HB 1850

Relating To Taxation

COMMITTEE ON FINANCE

Tuesday, February 23, 2016, 2pm

Conference Room 308

Dear Chair Luke, Vice Chair Nishimoto and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 150 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA’s membership employs over 20,000 local residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA is in support of HB 1850, which allows transient accommodations brokers to register as tax collection agents to collect and remit general excise and transient accommodations taxes on behalf of operators and plan managers using their services.

MHLA is in support of establishing a level playing field for all visitor accommodations. There are more than 25,000 alternative accommodations in the Hawaiian Islands competing with hotels, resorts, timeshares, and bed-and-breakfasts, with the majority of them most likely avoiding the 9.25 percent transient accommodations and general excise taxes. This Bill would simplify administration for both the Department of Tax and the alternative accommodations, and reduce the State’s enforcement burden in ensuring individual tax compliance.

We respectfully request you consider passing HB 1850. Thank you for the opportunity to testify.

From: Kerstin Gigi Ott <kerstingigi@yahoo.com>
Sent: Monday, February 22, 2016 3:43 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes



Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Kerstin Gigi Ott

LATE

Support of HB1850 (AIRBNB BILL)

Email: FINtestimony@capitol.hawaii.gov

Or submit testimony at:

http://www.capitol.hawaii.gov/measure_indiv.aspx...

Hawaii House bill HB1850 and its sister bill SB2693 (Senate) would make tax collection simpler for vacation rental owners, but much more importantly, ensure tax compliance, (actually paying), by said owners, whether permitted or not.

Vacation rentals in Hawaii provide jobs in our local communities such as housekeeping, lawn care, plumbing, roofing contractors, general contractors, furniture retailers, electronic retailers, hardware retailers, painters, electricians, etc. and are an important subset of the Hawaii Tourism Industry. Owners of these homes pay a considerable amount of tax, yet they are treated as criminals.

PLEASE SUPPORT HB1850.

Mahalo.

LATE

I am a thirty-five year resident of Ko'olauloa areas, specifically Hauula. Illegal Vacation Rentals are booming in rural Ko'olauloa and pushing many local families out of the area, driving up rental prices and changing residential neighborhoods by turning the area into tourist spots. Most of our beach front homes are now Illegal Vacation Rentals ! We hope that more people learn that this is not just a problem in wealthy communities, like Kailua - but it impacts working families - and everyone ! It is crucial for any hope of survival of O'ahu's and all Hawai'i's residential neighborhoods for us to stand up and say NO to their being taken over by mainland vacation rental brokers and turned into vacation rentals – this takeover can occur in HB1850 and SB2693. I am Not in favor of these bills and urge you to vote NO on both bills.

Some state legislators have been lured into the false promise that if they turn Transient Accommodation Tax (TAT) and General Excise Tax (GET) collection over to mainland vacation rental brokers, the state will collect more tax money. They have turned a blind eye to provisions in these bills that will lead to the rampant spread of vacation rentals (mostly illegal under the counties' zoning laws) into O'ahu's, Maui's, Kaua'i's, and the island of Hawai'i's residential neighborhoods – and the resulting higher residential rental prices and homelessness. *These bills will shield the names and addresses of illegal vacation rental operators, and these bills will actually result in less TAT and GET taxes being collected.*

How can that be possible? Language in the bills legally hides the name and the location of those actually operating the vacation rentals. Specifically: "....tax collection agent shall not be required to disclose to the (tax) director the names and addresses of any return, reconciliation, payment, or other filing by the registered transient accommodations broker tax collection agent under this chapter; provided that the name and address of an operator or plan manager shall be disclosed in response to a lawful and valid subpoena...." This language will make auditing nearly impossible and will help shield illegal operators from enforcement by county zoning officials.

From the mainland vacation rental brokers' standpoint, these bills are great. The secrecy they provide and the bookkeeping tasks they provide for the local vacation rental operators will entice thousands more homeowners to violate local zoning laws by operating as illegal vacation rentals.

Airbnb has already mailed postcards enticing O'ahu homeowners to convert and list their property as a vacation rental with Airbnb – mailed to addresses known to be in residential zoning where renting for less than 30 days is illegal.) It will allow companies like Airbnb, which advertises vacation rentals, to collect taxes for the state on behalf of its "hosts."

Also, the thousands of illegal vacation rentals now operating in the open but currently paying their TAT and GET can cancel their current TAT and GET licenses and list only occasionally with the "mainland vacation rental broker/tax collection agent" while still renting most of the time through their own site. Then, if audited by the state tax department, that scofflaw can simply

provide proof that they rented through the shielded "tax collection agent," whose records are sealed. Even the "mainland vacation rental broker/tax collection agent" cannot divulge the name, address, or transactions of the scofflaw without a subpoena. The already-understaffed state tax department will not have the time or resources to get dozens or hundreds of subpoenas.

How will these bills affect housing and homelessness?

Encouraging more residential homes to be converted to mainland-brokered vacation rentals will result in even fewer homes available for long-term rent for Hawai'i's families. Higher rents and more homelessness are the inevitable result.

I OPPOSE HB1850 and SB 2693 because:

- it would allow companies like Airbnb to collect and remit taxes without any way of verifying that the amount they remit is anywhere near what the vacation rental owners owe;
- it doesn't hold companies like Airbnb responsible for making sure these vacation rental listings are legal or illegal;

Illegal vacation rentals are a growing problem in our state, and this bill does nothing to fix it. They're a problem not just because they aren't paying their fair share of taxes, but also because:

- Illegal vacation rentals take away affordable housing for local people;
- Illegal vacation rentals hurt our economy by directly competing with full-service hotels that provide good, local jobs;
- Illegal vacation rentals are essentially illegal hotel operations in our own backyards. This impacts safety, parking, and the overall character of our neighborhoods. Another major factor for our Ko'olauloa area is that our roads are already over-crowded and traffic is getting worse. We only have a one-way highway in each direction that is frequently shut down due to accidents, flooding, roadwork and downed electric poles.

Rural Ko'olauloa and other areas on Oahu are in crisis with booming illegal vacation rentals. Let's make sure that our visitors stay in LEGAL tax-paying hotels or legal vacation rentals and let the state tax department effectively enforce the law and collect the taxes due. Please vote NO for SB 1850 and SB 2693.

Sincerely, Dr. Maureen Malanaphy, Resident of Hauula

From: Barbara Jensen-Haight <surfer.mom@hotmail.com>
Sent: Monday, February 22, 2016 6:22 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes



Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

This opportunity to open my home up to mostly single travelers allows me to help support my daughter in college. My guests eat at local restaurants. I can afford to hire local people for yard and home improvements. It is less impact than if I actually rented by room out full time.

Thank you so much.

Barbara Haight

Sincerely,

Barbara Jensen-Haight

From: Leslie Frasier <lesliefras@gmail.com>
Sent: Monday, February 22, 2016 6:59 PM
To: FINTestimony
Subject: Support Bill HB 1850 and help us pay our fair share of taxes



Dear Chair Luke and members of the committee,

Bill HB 1850

Hearing date: 2/23/2016, 2:00 p.m., Room 308

As a Hawaii resident, voter, and member of the home sharing community, I wanted to let you know why I support sensible rules for short term rentals and am hopeful for the passing of HB 1850.

Throughout Hawaii, Airbnb is helping families make ends meet. Home sharing helps take what is typically people's greatest expense – the cost of housing – and turns it into a way to generate helpful supplemental income. This keeps many people in the homes and the neighborhoods that they love. As a public educator, an additional income is paramount in order to live here in Hawaii, as teacher salaries do not support a household in a place with such a high cost of living.

HB 1850 would benefit the home sharing community because it would relieve individual hosts of figuring out complicated and burdensome tax regulations, allow Airbnb to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our community.

Please show that you support your constituents and our voices and vote yes on HB 1850.

Thank you so much.

Sincerely,

Leslie Frasier

From: Liz Rizzo <lizrizzohawaii@gmail.com>
Sent: Monday, February 22, 2016 6:48 PM
To: FINTestimony
Subject: I oppose any AIR BB in Hawaii

LATE

As a homeowner and 25 year Hawaii resident I have seen the changes since the rise in tourism, especially to our neighborhood communities. I live in Lanikai where we have traffic, a constant stream of tourists and illegal rentals. Enough is enough. There are plenty of hotels. AIR BnB add more cars to our already poor parking situation and the constant influx of strangers near our homes puts our families at risk. (crime, pedophiles, alcohol consumption by vacationers....) I oppose any legislation to make AIR BnB legal. Keep our neighborhoods safe.

Liz Rizzo

From: Erwin Amigo <e.amigo2010@gmail.com>
Sent: Monday, February 22, 2016 7:16 PM
To: FINTestimony
Subject: HB1850

I OPPOSE



From: Mei Hong Hanke <meisellshomes@gmail.com>
Sent: Monday, February 22, 2016 8:00 PM
To: FINTestimony
Subject: HB1850



I support House Bill HB1850.
Mei Hanke
Hawaii Resident

From: Malia Mcnamara Rzeplinski <maliascloud@icloud.com>
Sent: Monday, February 22, 2016 9:57 PM
To: FINTestimony
Subject: Collection of taxes from b n b's

LATE

I want to affirm that I really favor having the agent collect the tax due for transient accommodation instead of the individual. I approve of Airbnb collecting all taxes due for my rental.

Mary Rzeplinski

Sent from my iPad

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 23, 2016 7:51 AM
To: FINTestimony
Cc: lynda.horowitz@gmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM



HB1850

Submitted on: 2/23/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Lynda Horowitz	Individual	Comments Only	No

Comments: Transient short term rentals are a detriment to residential neighborhoods. Homeowner parking is often already crowded and invasive. I also believe that existent neighborhood security issues such as burglary would potentially increase as a result of short term stays in neighborhoods.

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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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 10:41 PM
To: FINTestimony
Cc: joaniepruet@yahoo.com
Subject: *Submitted testimony for HB1850 on Feb 23, 2016 14:00PM*



HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Joan Keala Pruet	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 23, 2016 8:54 AM
To: FINTestimony
Cc: michele.mclean@co.maui.hi.us
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM



HB1850

Submitted on: 2/23/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Michele McLean	County of Maui Department of Planning	Comments Only	No

Comments: Aloha. The County of Maui Department of Planning supports the intent of HB1850, to enable vacation rental agents to collect general excise and transient accommodations taxes, but is concerned that the payment of such taxes will give vacation rental operators a false sense of compliance. We have a serious problem with enforcement of illegal vacation rental operations. While we have two ordinances that were enacted specifically to create clear and simplified permit processes for bed-and-breakfast homes and short-term rental homes, we nonetheless have hundreds, if not thousands, of illegal operations. Many of these operators pay their GET and TAT and, by having these tax licenses, believe they require no further review or permits. HB1850 could have the unintended consequence of perpetuating this mistaken impression. We are not the only municipality in the state or the country that is struggling with the proliferation of illegal vacation rental operations due to websites such as AirBnB and VRBO. Their support of measures such as HB1850 is encouraging but it does not go far enough. We agree with the testimony submitted on companion bill SB2693 by several officials from the County of Kauai and their suggestion that these vacation rental agents be held civilly liable for facilitating violations of county ordinances. We would further suggest that the tax collection agreements that would result from HB1850 include a provision that the tax collection agent must verify any operation's compliance with local ordinances. The County of Maui Department of Planning will certainly make itself available to the State Department of Taxation or any of its tax collection agents to verify any operation's compliance. Mahalo for the opportunity to provide comments. Michele McLean Deputy Planning Director County of Maui

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Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Bernard P. Carvalho, Jr.
Mayor



Michael A. Dahilig
Director of Planning

Nadine K. Nakamura
Managing Director

Ka'aina S. Hull
Deputy Director of Planning

PLANNING DEPARTMENT
County of Kaua'i, State of Hawai'i
4444 Rice Street, Suite A-473, Līhu'e, Hawai'i 96766

Testimony before the House Committee on Finance
HOUSE BILL 1850 Relating to Taxation

February 23, 2016 at 2:00 pm
Conference Room 308

By Michael A. Dahilig
Director of Planning, County of Kaua'i

LATE

Honorable Members of the Committee:

On behalf of the County of Kaua'i, I offer testimony with **CONCERNS** and would **OPPOSE** the measure if certain provisions remain in the bill.

We understand the need to more efficiently and tightly capture taxes from those who fail to pay them. However, this bill, if passed as is, would potentially further companies like VRBO.com and AirBnB to help to facilitate illegal usage contrary to county zoning laws rather than holding them responsible as business partner.

The County of Kaua'i has very strict zoning laws related to transient usage given the wholesale gentrification caused by the "vacation renting" of homes meant for only residential use. Many of these rentals are also on agricultural lands, and operating contrary to Chapter 205, Hawaii Revised Statutes relating to State Land Use policy. As our Department has attempted to enforce these county and state laws to preserve our rural residential communities, a common defense posed by these operators is, "I'm legal because I have paid TAT."

Having these private operators help collect taxes but not be held responsible for their role in perpetuating violations of county zoning laws would only lead to further proliferation of resort usage in communities meant for Hawai'i's residents. Contrary to what has been pitched by many who wish to short-term rent out a room or a unit, this activity has actually created the reverse effect by upping residential home values and pushing affordable long-term renters out of the market.

We ask that the committee strike paragraph "j" in Section 2, and paragraph "i" in Section 3 of the bill.

In the alternative, we would propose additional paragraphs at the end of Sections 3 and 4 that both state:

"All registered transient accommodations broker tax collection agents shall inquire and insure whether the transient accommodation is in compliance with all pertinent land use laws"

We respectfully request the committee **AMEND** the measure as stated above. Mahalo for your consideration.

An Equal Opportunity Employer

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 6:05 PM
To: FINTestimony
Cc: michelle@hawaiiantel.net
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM



HB1850

Submitted on: 2/22/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Pillen	Individual	Oppose	No

Comments: I strongly oppose HB 1850 because this bill will shield the names and addresses of illegal vacation rental operators, and will actually result in less TAT and GET taxes being collected.

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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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 23, 2016 7:51 AM
To: FINTestimony
Cc: lynda.horowitz@gmail.com
Subject: Submitted testimony for HB1850 on Feb 23, 2016 14:00PM



HB1850

Submitted on: 2/23/2016

Testimony for FIN on Feb 23, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Lynda Horowitz	Individual	Comments Only	No

Comments: Transient short term rentals are a detriment to residential neighborhoods. Homeowner parking is often already crowded and invasive. I also believe that existent neighborhood security issues such as burglary would potentially increase as a result of short term stays in neighborhoods.

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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From: Kalena Miyashiro <kmiyashiro@unitehere5.org>
Sent: Monday, February 22, 2016 5:04 PM
To: FINTestimony
Subject: Tell Airbnb



Aloha Finance Chair,

I'm emailing you in regards to the flaws in HB1850. There is no real way to verify that the collection and the remittance of taxes is correct.

Airbnb just wants to do business and leave our community to deal with the the collateral damage.

Our elected officials should make sure to hold these companies accountable.

Please craft a better bill that would make sure that the taxes are being paid and the these rentals are legal.

Mahalo,
Kalena Miyashiro

From: Marsha Bruhn <mbruhn@unitehere5.org>
Sent: Monday, February 22, 2016 5:04 PM
To: FINTestimony
Subject: HB1850

LATE

Dear Chair Sylvia Luke and House Finance Committee:

I oppose HB1850 because of the flaw in the way it is being presented. First of all there is no way of identifying each individual owner who paid or did not pay. It also does not identify if the listings are legal or illegal rentals. Most most importantly, you cannot even verify if the amount that is remitted by the brokers is really what the each individul owner owes.

I recommend is to kill this bill, but if the legislature continues to move it forward, it should be amended to include a way to track whether or not each owner/operator has paid taxes and how much. Another amendment would be to fine brokers if they do not secure the proper amount of taxes from the individual owner/operator. This will help to identify who is paying and who is not and make it a tangible reality rather than a bill that is being pushed through for the sake of having a bill that address illegal owner/operators that take away from our number one industry.

Respectfully,
Marsha Bruhn

From: Lynne :) <lynne123hawaii@yahoo.com>
Sent: Monday, February 22, 2016 4:56 PM
To: FINTestimony
Subject: Testimony

LATE

I've haven't need able to find better paying job or second job willing to work around primary job so I'm very grateful for the income I make from people sleeping in my front room I get through airbnb. I'm looking forward to airbnb and other vacation rental sites collecting taxes so everyone is paying. State will be very happy with extra income. The only thing that would make me even happier is the taxes were based on income. I'm low income and feel like I should pay less than the Hilton and mgm. But doubt I'll see that happen anytime soon so I'm fine with this. Thank you, lynne wood

Sent from my Verizon Wireless 4G LTE smartphone

February 23, 2016



TO: Rep. Sylvia Luke, Chair, and Members
of the House Finance Committee

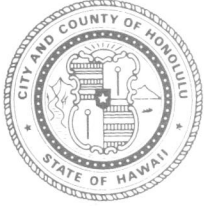
FROM: Rev. Bob Nakata, Co-Chair
FACE Housing Task Force

RE: Opposition to HB1850 to Allow State Tax Collection on
Businesses such as AirBnB

Faith Action for Community Equity (FACE), a strong advocate of affordable rental housing, has hopes that owners of large residential lots with illegal vacation rentals on them could be convinced to convert them into legal alternate dwelling units (ADUs) for affordable rentals. Allowing owners of illegal vacation rentals to pay taxes without legalizing them would reduce the incentive to convert them into legal ADUs, thus reducing the supply of potential affordable housing. Honolulu needs all the affordable rentals it can get.

There are also reports of Airbnb enticing owners of large lots to build vacation rentals rather than ADUs.

We urge you to defeat HB1850.



LATE

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII 96813-3065 / TELEPHONE 547-7000

JOEY MANAHAN
COUNCILMEMBER
(808) 768-5007
(808) 768-5011 (fax)
e-mail: jmanahan@honolulu.gov

HAWAII STATE CAPITOL, CONFERENCE ROOM 308
HOUSE COMMITTEE ON FINANCE
23 FEBRUARY 2015, 2:00 P.M.

TO: REPRESENTATIVE SYLVIA LUKE, CHAIR OF HOUSE COMMITTEE ON FINANCE
REPRESENTATIVE SCOTT Y. NISHIMOTO, VICE CHAIR OF HOUSE COMMITTEE ON
FINANCE
MEMBERS OF THE HOUSE COMMITTEE ON FINANCE
FROM: COUNCILMEMBER JOEY MANAHAN
HONOLULU CITY COUNCIL, DISTRICT VII

SUBJECT: TESTIMONY IN OPPOSITION OF HB 1805 – RELATING TO TAXATION

I am testifying in opposition to House Bill 1850, Relating to Taxation.

In its current form, House Bill 1850 allows companies like Airbnb and VRBO to collect and remit taxes on behalf of operators without provisions. This process does not follow the current standard protocol and may result in critical information being lost when delivered to the State Tax Department. There is no additional assurance holding them accountable to correctly report the amount of taxes that should be collected.

With this measure, the Department of Taxation will not have the security to ensure that the tax collection agents' records will be fully valid as the responsibility solely lies on the tax collection agent for all taxes due and collected. Giving sole liability to these private tax collection agents a bigger role than as brokers may lead to further proliferation of resort usage in communities that are meant for local residents. Due to that exact reason, residential home values and real property taxes have increased, thus pushing affordable long-term renters out of the market.

Clearly, the problems related to illegal transient accommodations affect both the State and the counties. Prior to approving this legislation, there should be considerable discussion and coordination between the numerous parties involved, including the appropriate state and county government agencies. Passing this legislation during this session would be premature.
Mahalo for the opportunity to submit testimony on this bill.

From: Alex Watson <agwatson87@gmail.com>
Sent: Tuesday, February 23, 2016 1:21 PM
To: FINTestimony
Subject: HB1850



To whom it may concern,

I would like to express my view on this matter. Vacation rentals by owner are not only a strong source of income for Hawaii's home owners, they also support the local economy from grocery stores, tours & activities and local labor such as house cleaners, repairmen etc. The tax revenue from these homes brings in an extraordinary amount of money.

Many would be visitors to Hawaii cannot afford the outlandish hotel prices when it comes to housing their family on vacation. The money that goes to the big hotel chains does not stay on island aside from what's paid to the workers. It goes straight back to the mainland and into corporate bank accounts. Why not help divert some of that income into the local economy? Why spend \$300,000 a year to shut these units down and eliminate all that tax revenue?

Legalize and regulate the vacation rental industry just as is done with hotels. Let the state reap the benefits of that income and let the economy benefit from local home owners increased disposable revenue.

Mahalo,

Alex Watson

Oahu Resident



HAWAI'I LODGING & TOURISM
ASSOCIATION

LATE

Testimony of

Mufi Hannemann
President and CEO
Hawai'i Lodging & Tourism Association

Committee on Finance

House Bill 1850: Relating to Taxation

Chair Luke, Vice Chair Nishimoto, and members of the committee on Finance:

The Hawai'i Lodging & Tourism Association supports the intent of House Bill 1850, which proposes to allow transient accommodations brokers to register as tax collection agents to collect and remit general excise and transient accommodations taxes.

It is the HLTA's goal to establish a level playing field for all visitor accommodations, from the traditional hospitality businesses to the alternative accommodations offered online.

There are more than 25,000 alternative accommodations in the Hawaiian Islands competing with hotels, resorts, timeshares, and bed-and-breakfasts, except that the majority of them are most likely avoiding our 9.25 percent transient accommodations and general excise taxes. Rather than outlaw these transient vacation units, we believe the state and county governments should collaborate on collecting the millions of dollars in taxes now being avoided. This initiative is the HLTA's top legislative priority, and House Bill 1850 could be a major step forward in that direction.

We also support the Department of Taxation's modernization project that will identify non-compliant TVUs and collect the taxes owed. It is important that this legislation provide the proper authority for DOTAX to be able to implement and enforce the collection of these taxes.

In particular, we have considerable concerns with Section 2, letter (g) as presently written. It creates a strong inference that a firewall would be created, preventing a level playing field that our industry believes is a primary objective of all measures that would pursue the collections of taxes that aren't being paid.

Mahalo.