



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

Testimony of

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

Committees on  
Tourism and International Affairs  
Commerce, Consumer Protection, and Health

House Bill 1850 HD1: Relating to Taxation

Chair English, Chair Baker, and members of the committees on Tourism and International Affairs, and Commerce, Consumer Protection, and Health:

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 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 bringing them into compliance and collecting the millions of dollars in taxes now being avoided.

We have always supported the Department of Taxation's modernization project because it will help to identify non-compliant TVUs and collect taxes owed to the state.

We support the intent of HB1850 HD1 because it will encourage and help the State collect taxes that are due to the state. We believe this bill, however, could use stronger language and greater clarity to ensure transparency and enforcement. We also believe that this bill should not impede on the counties right to exercise its authority over its pertinent land use laws. In short, there should be no local preemption in this regard.

Mahalo for the opportunity to testify.



THE SENATE  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015

TOURISM & INTERNATIONAL AFFAIRS COMMITTEE  
Senator Kalani J English, Vice Chair

COMMERCE, CONSUMER PROTECTION & HEALTH  
Senator Rosalyn H Baker, Chair

3/17/2016  
Rm. 229, 9:30 AM

HB 1850, HD 1  
Relating to Taxation

Chair English, Chair Baker and Members of both Committee, my name is Max Sword, here on behalf of Outrigger Hotels Hawaii to provide comment on HB 1850, HD 1.

We support the intent of HB 1850 in that it attempts to provide a mechanism that would allow the Department of Taxation (DoTax) to collect taxes from Transient Vacation Units (TVU) that advertise on the internet.

However there are a couple of issues in this bill, which we do not support.

The first is that this bill would negate the progress we made last year thru the act which required each TVU that advertised on line, to post their TAT number on their advertisement. This bill requires the website operator to only list one tax number and not the TVUs that it advertises.

The second is the firewall provided websites that advertise TVUs. It's one thing for the entities to be authorized to collect transient accommodations tax (TAT), in much the same way as hotel operators like us do. It's another for them to be treated differently and walled off from the usual procedures applicable to anyone else like us that collects and pays over the TAT.

DoTax currently has the road map to enforce the collection of taxes thru the efforts of last year's session and hope they do not take the easy way out by abandoning those efforts.

Don't get us wrong. We support TVUs, they service a segment of the hospitality market, which is a visitor who wants to stay in a house or in a local neighborhood. We just want them to be treated the same as we are treated.

Mahalo for allowing me to testify.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [TSI Testimony](#)  
**Cc:** [rockypointpropertiesllc@gmail.com](mailto:rockypointpropertiesllc@gmail.com)  
**Subject:** Submitted testimony for HB1850 on Mar 17, 2016 09:30AM  
**Date:** Wednesday, March 16, 2016 8:24:34 PM

---

**HB1850**

Submitted on: 3/16/2016

Testimony for TSI/CPH on Mar 17, 2016 09:30AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Wayne Warrington	Rocky Point Properties, LLC	Support	No

Comments: I support HB 1850 for the following reasons: Non permitted vacation rentals provide over 4000 units for visiting tourists to RESIDE during their stay on Oahu alone. Many do not pay the appropriate GE and TAT because they do not want to be cited by the DPP, especially in today current political opposition, albeit unfounded. Allowing large multi billion dollar enterprises like AirBnB.com and VRBO.com to collect 13.92% on all rentals would equate to a tax revenue in the tens of millions of dollars annually. Clearly these multimillion dollar enterprises aren't going anywhere and neither are the non permitted vacation rentals. The demand for them too great and the benefits to the owners and the people and businesses they support has yet to be appreciated. 1.4% of the Oahu housing market is not driving rent prices and sales prices skyward, nor forcing people to become homeless. TVU's are simply an easy and understandably silent scapegoat in this housing crises we have had for decades. Lets collect theses taxes and provide more affordable housing and and more humane shelters for our working class and homeless respectively.

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](mailto:webmaster@capitol.hawaii.gov)

**From:** [CPH Testimony](#)  
**To:** [TSI Testimony](#)  
**Subject:** FW: VOTE YES to HB1850\_HD1 and SB2693\_SD3  
**Date:** Thursday, March 17, 2016 8:26:38 AM

---

Forwarding on late testimony.

Mahalo,  
Christina

**From:** C.H. Lee [mailto:888hlee@gmail.com]  
**Sent:** Thursday, March 17, 2016 1:44 AM  
**Subject:** VOTE YES to HB1850\_HD1 and SB2693\_SD3

Aloha from a Middle Class Taxpayer!

I would like to urge you to

**PLEASE VOTE YES**

to **HB1850\_HD1** and **SB2693\_SD3**

**Our state deserves a better way to collect additional tourism taxes to ease the burden on the hard-working MIDDLE CLASS.**

These bills will increase tax revenue in a way that will not hurt the pockets of the people who live here.

Mahalo for your consideration!

C. H. Lee  
Kapolei, Oahu

**From:** [Cindy Aban](#)  
**To:** [CPH Testimony](#); [TSI Testimony](#); [Sen. Will Espero](#); [Sen. Roz Baker](#); [Sen. Michelle Kidani](#); [Sen. Les Ihara, Jr.](#); [Sen. Clarence Nishihara](#); [Sen. Russell Ruderman](#); [Sen. Sam Slom](#); [Sen. J. Kalani English](#); [Sen. Brickwood Galuteria](#); [Sen. Josh Green](#); [Sen. Kaiiali'i Kahele](#); [Sen. Donna Mercado Kim](#); [Sen. Jill Tokuda](#)  
**Subject:** Oppose: HB1850\_HD1 SB2693\_SD3  
**Date:** Wednesday, March 16, 2016 9:51:36 PM

---

## 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.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [TSI Testimony](#)  
**Cc:** [lisafillmore@me.com](mailto:lisafillmore@me.com)  
**Subject:** Submitted testimony for HB1850 on Mar 17, 2016 09:30AM  
**Date:** Wednesday, March 16, 2016 8:49:14 PM

---

**HB1850**

Submitted on: 3/16/2016

Testimony for TSI/CPH on Mar 17, 2016 09:30AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lisa Fillmore	Individual	Support	No

Comments: Please support B&B's and Vacation rentals in Hawaii. We enjoy having our family stay close by to visit. My friends and family do not want to stay in Waikiki or a resort on Oahu. I also have friends who are stay at home moms who have a small cottage they tent as a B&B on their property and I dont see why they need to shut down their rental and be forced to rent to someone long term. Sometimes they keep it empty for visiting family and friends. People should be able to rent how they want with their own property. They pay all their taxes and are contributing to the Hawaii economy. Why should these moms have to go back to work put their kids in preschool just because the city and county wants them to create long term housing. The government it to intrusive in peoples lives already. Mahalo, Lisa Fillmore

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](mailto:webmaster@capitol.hawaii.gov)

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [TSI Testimony](#)  
**Cc:** [pspriggs@hotmail.com](mailto:pspriggs@hotmail.com)  
**Subject:** Submitted testimony for HB1850 on Mar 17, 2016 09:30AM  
**Date:** Thursday, March 17, 2016 8:32:08 AM

---

**HB1850**

Submitted on: 3/17/2016

Testimony for TSI/CPH on Mar 17, 2016 09:30AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Paul Spriggs	Individual	Oppose	No

Comments: You cannot let the likes of AirBnB self govern on this. There are so many flaws in this bill that regulating the tax and which property is doing what will be futile. Think long term as opposed to whatever short term gains you perceive exist.

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](mailto:webmaster@capitol.hawaii.gov)

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [TSI Testimony](#)  
**Cc:** [paular@hawaiiantel.net](mailto:paular@hawaiiantel.net)  
**Subject:** Submitted testimony for HB1850 on Mar 17, 2016 09:30AM  
**Date:** Thursday, March 17, 2016 8:42:50 AM

---

**HB1850**

Submitted on: 3/17/2016

Testimony for TSI/CPH on Mar 17, 2016 09:30AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Paula Ress	Individual	Comments Only	No

Comments: You must not allow our residential areas to become resort zones. Do not pass HB1850!!!!

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](mailto:webmaster@capitol.hawaii.gov)



**From:** [Randall Shirley](#)  
**To:** [TSI Testimony](#)  
**Subject:** Re: Please support HB 1850  
**Date:** Wednesday, March 16, 2016 9:19:39 PM

---

John Shirley  
Kailua-Kona

Sent from my iPhone

> On Mar 16, 2016, at 7:47 PM, TSI Testimony <[TSITestimony@capitol.hawaii.gov](mailto:TSITestimony@capitol.hawaii.gov)> wrote:  
>  
> Aloha,  
>  
> Thank you for submitting testimony, however we cannot process it unless you provide your full legal name.  
>  
> Mahalo,  
> Office of Senator Kaiali'i Kahele  
> State Capitol, Room 213  
> 415 S. Beretania Street  
> Honolulu, HI 96813  
> TEL: 808.586.6760  
> FAX: 808.586.6689  
> E-mail: [kahele1@capitol.hawaii.gov](mailto:kahele1@capitol.hawaii.gov)  
>  
> -----Original Message-----  
> From: JR Shirley [<mailto:Jrandalls@yahoo.com>]  
> Sent: Wednesday, March 16, 2016 7:04 AM  
> To: TSI Testimony  
> Subject: Please support HB 1850  
>  
> Dear Joint Senate Committees on Tourism and International Affairs and Consumer Protection and Health,  
>  
> Dear committee members,  
>  
> I encourage your full and prompt support of this bill. It's truly a no-brainer.  
>  
> The sharing economy -- home sharing specifically -- is here to stay, and companies like Airbnb make it easy for Hawaii home owners to welcome visitors. They make it more affordable for visitors to our islands in an era of unprecedented global tourism options.  
>  
> Passing this bill will make it easy for the State to receive the tax monies from this activity, much of which is undoubtedly slipping away right now.  
>  
> Shifting the burden of tax collection and payment to Airbnb and similar organizations makes perfect sense, and allows the State to get needed tax revenues while homeowners continue to welcome travelers with aloha.  
>  
> I have personally seen the benefit of having these travelers in our community--folks who would likely not come to Hawaii if the only accommodation options were hotels/resorts/condos.  
>  
> I encourage you to support HB 1850 and get it passed and implemented.  
>  
> Sincerely,  
>  
> JR Shirley



**From:** [Ron Minton](#)  
**To:** [TSI Testimony](#)  
**Subject:** Kailua Born and Raised: Opposing Bill HB 1850  
**Date:** Wednesday, March 16, 2016 5:18:35 PM

---

All,

I don't think that Bill HB1850 is the solution to our ongoing problem with the over whelming increase of vacation rentals/B&B's. I am born and raised here and my entire immediate family lives on the windward side.

I am living here now as an active duty Navy Chief and see the problem from both side with my BAH pays being able to cover the ever increasing rents, meanwhile my mom, sisters, nieces and nephews all live together. This is due largely to fact that there are no affordable single family houses for rent in our home town any more.

This happens because outside investors, mostly Millionaires can come here purchase properties and rent them as VR's or B&B's making 4x's the money per month. Ask yourself how this bill is going to help the local residents, especially the ones that don't have the fortune of being able rent their house or even part of their house. I understand the ability for a home owner to rent portions of their house to travelers to help subsidize their mortgage, but it should only be that. If anything, why don't we have a number of permits that are none owner occupied and a portion that are owner(locally) occupied?

**WE NEED TO CONTROL THE PROBLEM!!!! NOT LET AN OBVIOUSLY SUBJECTIVE WEBSITE COMPANY INDISCRIMINATELY PAY THE TAXES FOR IT'S CUSTOMERS WHO CONTINUE TO CAPITALIZE ON OUR HOME!!**

**IT SHOULD BE A RESIDENTIAL COMMUNITY NOT ANOTHER TOURIST TOWN!!!**

Thank You,

Ronald Minton  
12 N. Kainalu Dr.  
Kailua, HI 96734

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [TSI Testimony](#)  
**Cc:** [susan.wurtzburg@gmail.com](mailto:susan.wurtzburg@gmail.com)  
**Subject:** Submitted testimony for HB1850 on Mar 17, 2016 09:30AM  
**Date:** Wednesday, March 16, 2016 7:29:09 PM

---

**HB1850**

Submitted on: 3/16/2016

Testimony for TSI/CPH on Mar 17, 2016 09:30AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Susan J. Wurtzburg	Individual	Oppose	No

Comments: My husband & I rent in Kailua (1-year leases). It is almost impossible to find a long-term rental home here because many owners prefer short-term renters who can pay hugely inflated prices. This occurs up and down my street (Kuuuala St.), despite the fact that none of these are legally licensed short-term transient accommodation rentals / bed & breakfast type rentals. We did not purchase a house here because we knew that we could not afford to do so unless we broke the law by renting out rooms as short-term rentals. It is infuriating to be a law-abiding resident who struggles to find rental accommodation in this town. Our struggle to find rentals is related solely to the low supply of rentals. We are excellent tenants, each with a Ph.D., and excellent credit scores. PLEASE DO NOT PASS THIS ACT WHICH WILL INCREASE THE DIFFICULTIES EXPERIENCED BY HAWAII RESIDENTS STRUGGLING TO FIND AFFORDABLE LONG-TERM RENTAL HOMES. The Act only makes it easier for home owners to break the law.

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](mailto:webmaster@capitol.hawaii.gov)

**From:** [robert.retherford@hawaiiintel.net](mailto:robert.retherford@hawaiiintel.net)  
**To:** [CPH Testimony](#); [TSI Testimony](#); [Sen. Will Espero](#); [Sen. Roz Baker](#); [Sen. Michelle Kidani](#); [Sen. Les Ihara, Jr.](#); [Sen. Clarence Nishihara](#); [Sen. Russell Ruderman](#); [Sen. Sam Slom](#); [Sen. J. Kalani English](#); [Sen. Brickwood Galuteria](#); [Sen. Josh Green](#); [Sen. Kaiali'i Kahele](#); [Sen. Donna Mercado Kim](#); [Sen. Jill Tokuda](#)  
**Subject:** Testimony from Ursula Retherford on HB1850 HD1  
**Date:** Wednesday, March 16, 2016 6:39:16 PM

---

Committee on Commerce and Consumer Protection Health Affairs &  
Committee on Tourism and International Affairs

Hearing of March 17, 2016 on HB1850 HD1

Dear Chairs and Committee Members

My name is Ursula Retherford and I strongly oppose HB1850 HD1.

I have lived in my Kailua neighborhood for more than 40 years and have watched in dismay as residential homes and cottages have been illegally converted to resort use, evicting local long-term tenants to accommodate the wishes of the tourist industry and associated interests. This defiance of our zoning laws has undermined not only the quality of life of many neighborhoods, but has severely negatively impacted our residential housing inventory and affordability for our local population.

I find HB1850 very troubling. It is shortsighted and sabotages the City & County renewed efforts, as well as the intent of Act 204, to clamp down on the illegal use of our zoning laws and the harmful consequences for our neighborhoods and local long-term housing needs. The intent of this bill is to collect revenue, no matter what the consequences for the quality of life in and the social and economic costs to our communities. By allowing vacation rental brokers, who represent mostly illegal operations, to become the State tax collection agents, you would help shield the identity of illegal operators and contribute to the further promotion of the illegal use of our residential neighborhoods. In sum, by supporting this bill, you would be accessories to the crime that is being perpetrated on our local residential communities by unscrupulous and illegal vacation rental operators, their agents, and associated interests. Under this bill the state would collect revenue, while on the other hand it would spend even more revenue in attempts to create homeless shelters and provide social services to local residents displaced by the loss of housing caused by such a bill. By supporting this bill, you would also be contributing to a brain drain that our state cannot afford: the out-migration of many of our bright young people who cannot compete for housing with the tourist industry.

The return to residential use of illegal vacation rentals would provide thousands of needed housing units for our local residents. This bill, however, helps provide cover for the continuation and further proliferation of an activity that undermines our housing needs, and the very foundation of our communities: the right to safe and healthy neighborhoods, and the right to decent and affordable housing.

Rather than passing HB1850, Act 204 should be supplemented by the requirement that the City & County Non Conforming Use Certificate number be listed in all advertisements. This would allow the City to better enforce residential zoning laws and free up badly needed housing units.

Let's not forget the high price that many of our residential communities are paying in their loss of affordable housing, quality of life, safety, cohesiveness, and diminished social net caused by the insatiable demands and greed of tourism. Do not contribute further to this loss. No matter how much you think you can collect on taxes under this bill, it will not compensate for the losses in the social well-being of our communities. Except for the

tourist industry and associated interests, we would all at the end come out losers.

For the sake of the health and well-being of our residential communities and our housing needs, please oppose HB1850 HD 1.

Thank you very much.

Ursula Retherford, 42 N. Kainalu Drive, Kailua, HI 96734, tel: 261-4537

**From:** [everything wayne](#)  
**To:** [CPH Testimony](#); [Sen. Les Ihara, Jr.](#); [Sen. Will Espero](#); [Sen. Roz Baker](#); [Sen. Michelle Kidani](#); [Sen. Clarence Nishihara](#); [Sen. Russell Ruderman](#); [Sen. Sam Slom](#); [Sen. J. Kalani English](#); [Sen. Brickwood Galuteria](#); [Sen. Josh Green](#); [Sen. Kaiali'i Kahele](#); [Sen. Donna Mercado Kim](#); [Sen. Jill Tokuda](#); [TSI Testimony](#)  
**Subject:** SUPPORT HB1850 HD1 and SB2693 SD3  
**Date:** Thursday, March 17, 2016 8:13:41 AM

---

[HB1850\\_HD1](#)  
[SB2693\\_SD3](#)

The opposition wants us to believe that the majority of short term rentals are illegal, out of state, scammers who don't pay taxes or care about our [and esp. Oahu's] neighborhoods, I disagree.

In fact, I think this bill probably won't increase TAT and GET revenue by much because I also believe that the majority of people listing their space on airbnb- or anywhere for that matter- live in the home they rent, and are paying their fair share of taxes now. However, this bill will be a positive step in the right direction. It will make it easy to collect taxes, but also prove to the opposition that the majority of homeowners are doing the right thing.

I also strongly believe the opposition is "Trumping" - i.e. fear-mongering, creating a distraction, by placing the blame for homelessness, higher rent and a housing shortage where it doesn't belong. They are angry. Very angry. They are also being very unreasonable. Bernie Sander's says it best, when people are angry they get unreasonable and want to blame, so they lash out at anyone or anything.

This issue isn't going away. The world's traveler's have spoken. We are looking for an alternative to big resorts and hotels. There is a demand for this type of accommodation.

Please support this bill, it is a move in the right direction.

Wayne Conlee  
Waimanalo, Hi