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**PRESENTATION OF THE
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2015
Wednesday, March 4, 2015
11:00 a.m.

**TESTIMONY ON HOUSE BILL NO. 825, H.D. 1, RELATING TO TRANSIENT
ACCOMMODATIONS.**

TO THE HONORABLE SYLVIA LUKE, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Catherine Awakuni Colón, Director of the Department of Commerce and Consumer Affairs (“Department”). The Department appreciates the opportunity to submit testimony on House Bill No. 825, H.D. 1, Relating to Transient Accommodations (“H.B. 825”).

The purpose of H.B. 825 is to establish licensing requirements and enforcement provisions for transient vacation rentals under the Department. The Department offers the following comments on this bill.

H.B. 825 would create a new chapter within the Hawaii Revised Statutes (“HRS”) to regulate owners of transient vacation rentals. The bill sets forth requirements for

licensure powers of the Director, prohibited acts, and authorizes the Director to contract with qualified persons or delegate functions to the counties to enforce the new chapter. HRS § 26H-6 requires that new regulatory measures being considered for enactment be referred to the State Auditor for a sunrise analysis. Referral is required to be made by concurrent resolution that identifies a specific legislative bill to be analyzed. The statute further requires that the analysis shall set forth the probable effects of regulation, assess whether its enactment is consistent with the legislative policies of the Hawaii Regulatory Licensing Reform Act, and assess alternative forms of regulation. As such, the Department believes this bill should be deferred in accordance with the Hawaii Regulatory Licensing Reform Act until a sunrise analysis on this measure is conducted by the State Auditor.

The Department also recognizes that oversight of transient vacation rentals has been an ongoing concern for state and county agencies. It is unclear, however, whether the licensing and enforcement provisions in H.B. 825 are an effective response to address issues relating to transient vacation rentals. HRS § 26H-2 provides, in part, that “regulation and licensing of professions and vocations shall be undertaken only where reasonably necessary to protect the health, safety, or welfare of consumers of the services.” In addition, HRS § 26H-2 also provides for the policy that “[p]rofessional and vocational regulations which artificially increase the costs of goods and services to the consumer shall be avoided except in those cases where the legislature determines that this cost is exceeded by the potential danger to the consumer.” It is not clear that the State’s interest in setting up a licensing program for transient accommodations is of the same kind as other currently regulated

trades and professions, nor is it clear that the risk to consumers in transient accommodation transactions rises to the same level as in the case of other regulated trades and professions. In fact, based on the popularity of these accommodations, it appears that consumers are not encountering the types of harm that would necessitate consumer protection regulation, and are instead relying on online reviews and comments to evaluate a particular location.

The Department notes that if DCCA licensure were mandated, the Department would necessarily ensure that the operator was in compliance with all applicable laws as a condition of licensure and before it provided the operator with state approval of the operation. This would mean that the Department would require an applicant to provide proof of the operator's transient accommodations tax number, as well as proof of compliance with applicable zoning requirements. As such, this licensing proposal as drafted would place additional layers of cost and regulation on the law-abiding operators without meaningfully capturing noncompliant operations.

The Department is by no means an expert in the challenges that face the counties and the Department of Taxation in their enforcement efforts, but does note that in another context, technology has proved to be a cost-effective way of bringing disparate pieces of information together in a timely fashion for procurement qualification. Hawaii Compliance Express, for example, operates to assist businesses in providing compliance certificates by serving as an online repository of information from the Department of Taxation, the Department of Labor and Industrial Relations, the Internal Revenue Service, and this Department. The Department suggests that in lieu

of establishing licensure to provide a centralized source of information, consideration be given to use of a Hawaii Compliance Express type model instead.¹

Perhaps alternative legislation concerning the oversight of transient vacation rentals may offer preferred solutions, such as Senate Bill No. 519, S.D. 1, Relating to Taxation, that extends current requirements for the regulation of transient accommodations under Act 326, Session Laws of Hawaii 2012, and provides the Department of Taxation with more meaningful enforcement provisions to implement transient accommodations registration laws currently on the books. The Department also recognizes that a primary focus of this measure appears to be on providing greater support to the counties in ensuring compliance with county zoning requirements (see page 7, lines 1-10; page 10, lines 1-3; page 11, line 3 to page 13, line 19), the intent of which the Department supports and believes could be accomplished without the creation of a new state-level licensing program.

The Department also suggests that issues relating to sharing of currently protected taxpayer information be addressed in a manner that will assist both the counties and the Department of Taxation in reconciling their records and better aligning their enforcement efforts.

The Department acknowledges the Legislature's concerns and is committed to working with all parties and government agencies to identify appropriate solutions that best address the permitting, tax, renting, and advertising issues related to transient vacation rentals in Hawaii.

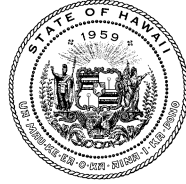
¹Hawaii Compliance Express can be found at the following webpage:
<https://vendors.ehawaii.gov/hce/splash/welcome.html#>

Testimony on House Bill No. 825, H.D. 1
March 4, 2015
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Thank you for the opportunity to testify on H.B. 825. I will be happy to answer any questions the members of the Committee may have.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

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

Date: Wednesday, March 4, 2015
Time: 11:00 A.M.
Place: Conference Room 308, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 825, H.D. 1, Relating to Transient Accommodations

The Department of Taxation (Department) supports H.B. 825, H.D. 1 and offers the following comments.

H.B. 825, H.D. 1 creates a new chapter designed to regulate transient vacation rentals and places enforcement authority under the Department of Commerce and Consumer Affairs (DCCA). H.B. 825, H.D. 1 also makes complementary amendments to the tax laws. The H.D. 1 version of this measure has a defective effective date of July 1, 2020.

The Department supports this measure because it believes the measure effectively addresses longstanding concerns of both the Legislature and community that the State is home to many unlawful transient vacation rentals. The Department is eager to partner with DCCA and the respective counties to ensure that transient vacation rental operators are paying their general excise and transient accommodation taxes.

In particular, the Department supports the DCCA being the lead agency in regulating the transient vacation rental industry, as it is better suited to regulate the business operations of the short-term rental industry. Ensuring that operators are compliant with land use laws, rental of real property and other consumer protection laws, will help identify the taxpayer responsible for the transient rental and assist the Department in enforcing its tax compliance duties.

The Department notes that previously enacted and proposed legislation has identified the Department of Taxation as the lead agency in regulating the transient vacation rental industry. For instance, Act 326, Session Laws of Hawaii 2012, placed the Department in charge of maintaining a database of transient rental operators in condominium or homeowners

associations; other legislation proposed for this session would place the Department in charge of other databases intended to help regulate the industry. While the Department is willing to enforce compliance of the applicable tax laws, the Department is unable to address many of the non-tax issues arising from short-term rental operations.

The House Committee on Tourism adopted all of the Department's suggested amendments to the previous version of this bill. The Department appreciates the consideration of its suggestions.

Thank you for the opportunity to provide comments.



Testimony of
Ronald Williams
President and Chief Executive Officer
Hawaii Tourism Authority
on
H.B. No. 825, H.D. 1
Relating to Transient Accommodations
House Committee on Finance
Wednesday, March 4, 2015
11:00 a.m.
Conference Room 308

The Hawaii Tourism Authority supports H.B. No. 825, H.D.1, which proposes to regulate transient vacation rentals, by establishing statutory requirements for the licensing of transient vacation rentals.

H.B. 825, H.D.1 incorporates some of the provisions of Act 326, SLH 2012, various county ordinances, and concepts from the uniform professional and vocational licensing Act, to provide for the licensing and regulation of “transient vacation rentals”, which are defined as a dwelling located in the State of Hawaii let by an owner or lessee for compensation for less than 180 days. It includes single-family dwellings, multi-family dwellings, bed and breakfasts, short-term rentals, apartments, which are further defined in various county ordinances. The definition is worded to include lodging rented thru short-term rental sites like Airbnb, which may be as simple as an air mattress in someone’s living room, or Vacation Rentals by Owner, which claims to list over 13,000 vacation rentals in Hawaii.

H.B. No. 825, H.D.1, requires:

- The owners of a transient vacation rental to be licensed;
- The owner, among other requirements to post the contact information of a local contact in the unit and the rental agreement or contract, along with the license number;
- Compliance with all county ordinances regulating transient vacation rentals;
- Requires compliance with the covenants and by-laws required by a association of apartment owners, or condominium board;
- Establishment of a client trust account; and
- Establishes as prohibited acts, the unlicensed operation of a transient vacation rental, and provides that any advertisement in any form of a

transient vacation rental is *prima facie* evidence of the operation of a transient vacation rental.

H.B. 825, H.D.1, provides for the enforcement of the law utilizing contracted agents, or delegation of the authority to the county planning departments. It also provides for the establishment of inspection fees and provides that any penalties and fees are to be kept by the counties. This is declared to fulfill the requirements of article VIII, section 5 of the state constitution.

H.B. 825,H.D.1, establishes a clear and enforceable mechanism for the regulation of transient vacation rentals. For these reasons, we support the intent of this bill. We also find that HB 825, H.D. 1, will help to provide a more consistent and favorable experience for visitors who choose to stay in transient vacations rentals and provide increased safe guards while they are in the Hawaiian Islands.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Eighth Legislature, State of Hawaii
The House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
March 4, 2015

H.B. 825, H.D. 1 – RELATING TO TAXATION.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 825, H.D. 1. This legislation would create a new chapter in Hawaii Revised Statutes to regulate owners of transient vacation rentals by establishing licensure powers under the Director of the Department of Commerce and Consumer Affairs.

However, we believe a better approach is contained within S.B. 519, S.D. 1, which requires the conspicuous posting of a transient accommodations tax certificate of registration number on all advertisements for transient accommodations and time-share rentals. Such required posting would provide consumers the ability to differentiate between compliant and non-compliant operators, as well as provide the Department of Taxation with meaningful enforcement provisions through escalating civil penalties for repeat violators.

Tighter enforcement is necessary because illegal home-based vacation rentals are not paying their fair share of the TAT. The Hawaii Tourism Authority (HTA) recently commissioned a study which revealed that home-based rentals account for 25% of all visitor lodging units statewide. The same survey found that there are more than 22,000 in-home vacation units statewide – more than three times the estimate of 6,943 in 2013. While the counties decide how to deal with the rapid growth of illegal vacation rentals, the State of Hawaii should collect TAT revenue from these properties to pay for the additional community services that are directly related to their use and lower the tax burden on local residents.

Until this particular market is better regulated at the county level, it is difficult to know how many millions of dollars to the state are lost from homeowners who are operating home-based vacation rentals and not paying the TAT. In the meantime, there must be enforcement of the TAT so that the playing field is level. It is only fair that anyone doing business as a lodging entity pay some form of the transient accommodations tax through proper taxation. The HTA study highlighted the scope of this problem. Now, state officials must respond with strict enforcement of the TAT.

Thank you for the opportunity to testify in support of the regulating of owners of transient vacation rentals, and ensuring that they pay the TAT.

Respectfully submitted,

Randy Perreira
Executive Director

March 4, 2015

The Honorable Sylvia Luke, Chair

House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

RE: H.B. 825, H.D.1, Relating to Transient Accommodations

HEARING: Wednesday, March 4, 2015 at 11:00 a.m.

Aloha Chair Luke, Vice-Chair Nishimoto, and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its 8,400 members. HAR **opposes** H.B. 825, H.D.1, which establishes licensing requirements and enforcement provisions for transient vacation rentals (“TVR”) to be administered by the Department of Commerce and Consumer Affairs (“DCCA”).

While this measure proposes to set forth requirements for the licensure of TVR, **it's important to note that all Counties do not regulate vacation rentals the same.** Kauai and Maui have their own transient vacation rental regulatory regimes, and both manage and regulate vacation rentals through its county ordinances. HAR believes the regulation of TVR should be left with the counties.

Additionally, HRS §26H-6, states that, “[n]ew regulatory measures being considered for enactment that, if enacted, would subject unregulated professions and vocations to licensing or other regulatory controls shall be referred to the auditor for analysis.” As this measure proposes to create new licensing requirements for TVR under the DCCA, HAR believes that a sunrise review should be conducted. The sunrise review can help determine whether the regulation is reasonably necessary to protect the health, safety, or welfare of consumers of the services.

Furthermore, in 2012, the Legislature passed Act 326, which required any operator of a transient accommodation to designate a local contact residing on the same island as the transient accommodation, amongst other requirements. As this measure references provisions from that law, such as local contacts, HAR would note that issue has additional layers of complexity. There are numerous other HRS Chapters that are affected by this issue:

Real Estate Broker and Salesperson – HRS 467

- A property owner can sell, buy, lease, and manage his/her own property without a real estate license.

-
- A property owner can hire a custodian or caretaker to manage or care for his/her property. The “custodian” or “caretaker” doesn’t need a real estate license so long as he/she is employed by the owner. The exemption is limited to managing one property.

Residential Landlord Tenant Code – HRS 521

- A property owner who rents or leases their own property must comply with Hawaii’s Residential Landlord-Tenant Code. Among other things, the Code requires owners and landlords who reside outside of the state or on another island to designate an **on-island agent** to act on the owner’s behalf. The designated on-island agent must be licensed if engaging in any activity for which a real estate license is required.

State & County Tax Laws – HRS 237D

- A property owner must comply with applicable state and county tax laws. State tax law requires persons who operate transient accommodations to designate a **local contact** who resides on-island, in case of an emergency or natural disaster, or to answer any questions, concerns, or property issues that arise about the transient accommodation.

HAR notes that in order to ensure a thorough review and revision of the enforcement, tax collection and oversight of the vacation rental market, HAR respectfully requests the creation of a task force with various interested parties to come to a solution to this complex issue.

Mahalo for the opportunity to testify.



March 3, 2015

The Honorable Sylvia Luke, Chair
House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

RE: H.B. 825 HD1, RELATING TO TRANSIENT ACCOMMODATIONS.

Aloha Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

I am Dan Monck, here to testify on behalf of the Hawai'i Association of Vacation Rental Managers ("HAVRM").

This letter is written in reluctant **OPPOSITION** of **HB 825 HD1**.

The Hawaii Association of Vacation Rental Managers, representing tourism professionals providing transient accommodations on Hawaii's four major islands, believes that the problem of illegal vacation rentals poses a serious challenge to the State's communities and consumer protection, and that this challenge needs to be meaningfully addressed. HB 825 HD1, while well intentioned, would completely fail to successfully address the illegal rental problem facing the State. **In all likelihood, HB 825 HD1 as written will reduce Hawaii GET and TAT collection, and exacerbate the problems associated with illegal transient accommodation rentals for the State, Counties, and the islands' neighborhoods.**

The proposed licensing of HB 825 HD1 would not provide any more information than is presently provided to the Department of Taxation electronically at no charge to the State by associations and complex management companies fulfilling their ACT 326 responsibilities. The information provided to the Department of Taxation under ACT 326 identifies the operator, and associated operator information right down to the operator's Hawaii tax registration "W" number(s).

The Department of Taxation testified last month in the House Tourism committee that while they are receiving ACT 326 information pertaining to transient accommodations, they are not using this information. **If the Department of Taxation is not using the transient accommodation information provided to them electronically from the Department of Taxation's own custom website designed for this sole purpose, why would anyone have reason to believe that the transient accommodation operator information gathered in the poorly identified manner described within HB 825 HD1 would be used by the Department? We believe it be far simpler and efficient to use the same information which is being provided today electronically to the State at no cost by ACT 326.**

It is important to realize that HB 825 HD1 would greatly expand the number of unprofessional rental operators of by “deregulating” Hawaii’s existing rental industry. Operators providing rental services to the public of 180 days or less would no longer have to be licensed under Hawaii’s Real Estate Code, and the public would lose the benefits of professionals providing these services, the knowledge and training of these operators’ requirements imposed upon these operators by the State, and the loss of far greater Hawaii tax revenues due to the loss of these “Third Party Rent Collectors” under HRS 237D-8.5, a supplemental function these operators provide to the State at no cost.

Additionally, these operators presently licensed under the Real Estate Code by today’s State of Hawaii requirement would be able to move their operations off shore to lower cost areas to free themselves of the high cost of Hawaii operations. A loss of not only tax revenues, but jobs and benefits of employees receiving health insurance, TDI, etc.

Hawaii’s hotels have only recently started to realize the competitive challenge of off island transient rental operators not burdened by the “overhead” costs of Hawaii companies adhering to Hawaii regulations and mandates. Under HB825 HD1, our hotels would not only have to compete with these illegal operators, but **additionally 11,000 of the present day legal operators** with a large fraction of these legal operator’s overhead costs now removed.

HB 825 HD1 will have an adverse impact upon Hawaii’s hotel operators, and the associated tax revenues collected from them. These hotel operators will still have to carry the overhead costs required by the State for their Hawaii operations, as compared to these other transient operators. While only starting to become aware of this competitive threat today, Hawaii hotels will increasingly find themselves in an unfair and uncompetitive cost position when compared to thousands and thousands of transient lodging operators permitted to operate in Hawaii without analogous State imposed “overhead” costs to provide for consumer protection, public safety, and to protect Hawaii tourism itself.

The issue of illegal rentals is a serious problem, requiring a serious solution. HB 825 HD1’s proposed deregulation of the vacation rental industry in the face of 22,000+ operators, many of them illegal, is counterproductive and is not a solution to this problem. Adoption of this Bill, would have adverse effects upon our tourism industry, public safety, consumer protection, Hawaii’s supply of affordable housing, community tranquility, our Hotels, and our many Hawaii employees.

A superior approach to resolving the problem HB 825 HD 1 seeks to address would be to simply correct the identified, and known defect, within ACT 326, Session Laws of Hawaii 2012; the definition of the “Local Contact” within this ACT.

Below is language for the committee's consideration that corrects this ACT's defect. And with this correction, ACT 326 would adroitly and efficiently accomplish the desired objectives of HB 825 HD1 without HB 825 HD1's complexity and its many drawbacks.

ACT 326, Session Laws of Hawaii 2012 Local Contact definition language suggestion

a) Local Contact - means any individual, who for compensation or valuable consideration, is employed as an employee by the operator of a transient accommodation to provide services required by this section.

or

b) A Hawaii Real Estate Broker, a Hawaii Real Estate Salesperson under the direction of a Hawaii Real Estate Broker, or a Hawaii CHO.

** Department of Taxation should have the right to require documentation they deem appropriate, unemployment insurance, temporary disability insurance, etc., from an operator to confirm employer requirements of (a) above are followed.*

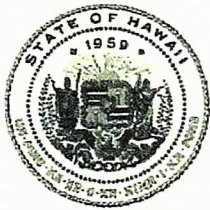
This simple change in Act 326 accomplishes the goals sought from HB 825 HD1, where the highly complicated HB 825 HD1, with will never be successful in achieving these important objectives.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Dan Monck", with a large, sweeping flourish at the end.

Dan Monck
President
Hawaii Association of Vacation Rental Managers

Real Estate Commission Bulletin



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Off-Island "Agent" – Licensee or Non-licensee?

When Act 326, Session Laws of Hawaii 2012, was passed, the Real Estate Branch received many calls from licensees who did not understand Act 326, especially the "Local Contact" identified within this Act, and whether or not this "Local Contact" fulfills the off-island agent requirement as stated in Hawaii Revised Statutes ("HRS") Chapter 521, the Residential Landlord-Tenant Code. If you are offering to rent property owned by an off-island owner, an on-island agent is required by HRS §521-43(f), the Residential Landlord-Tenant Code. "Agent" is not defined in Chapter 521, HRS.

The "Local Contact" defined in Act 326 pertains to HRS Chapter 237D, Transient Accommodations Tax. The "Local Contact" individual is an on-island individual who must register with the Department of Taxation to assist in the collection of taxes regarding the rental property. Act 326, and its "Local Contact" is not necessarily the individual who may act as an on-island agent for off-island rental property owners.

"Agent" is also not defined in HRS Chapter 467, the real estate brokers and salespersons licensing law. As used in HRS 521, "off-island agent" is not defined in Chapter 467. For an off-island property owner, landlord, trustee, or a person with the power of attorney from the owner, who is offering to rent Hawaii property, if the on-island agent is also involved in real estate activities, this on-island agent needs a real estate license.

An "on-island" agent may be one of the following:

- Hawaii-licensed real estate broker or salesperson; or
- "Custodian or caretaker" – "custodian or caretaker" is one of the exceptions to requiring a real estate license, and is defined in Chapter 467, HRS, and reads, "Custodian or caretaker" means any individual, who for compensation or valuable consideration, is employed as an employee by a single owner and has

the responsibility to manage or care for that real property, left in the individual's trust; provided that the term, "custodian" or "caretaker" shall not include any individual who leases or offers to lease, rents or offers to rent, any real estate for more than a single owner; provided further that a single owner shall not include an association of owners of a condominium, cooperative, or planned unit development." (emphasis added)

The "custodian or caretaker" exemption is an unlicensed individual, who for a single owner, manages or cares for the single owner's property. The single owner may be an individual or an entity. The single owner must employ the custodian or caretaker. Information on employing another individual may be obtained from the State Department of Taxation and the State Department of Labor and Industrial Relations. There will likely be other considerations when employing the custodian or caretaker such as requirements for unemployment insurance, workmen's compensation insurance, temporary disability insurance, vacation and sick pay, etc. Single owners may own more than one real property. If the single owner is an entity, however, the entity employing a custodian or caretaker must be licensed as a real estate broker or hire a licensed real estate broker to manage the single owner's property. The exceptions to having a real estate license as listed in HRS §467-2 are for individuals, NOT entities.

Real estate licensees listing and selling investment or rental properties should disclose to potential buyers and the licensees representing them, the requirement for an on-island agent if the buyer of a rental property does not or will not reside on the island where the property is located.

The on-island agent may be a non-licensee or a real estate licensee. Again, depending what the non-licensee on-island agent DOES will determine if the on-island agent requires a real estate license.



March 3, 2015

Testimony against [HB 825 HD1](#).

I am completely opposed to [HB 825 HD1](#). It is poorly conceived from several perspectives. Professional rental management companies handle all issues for an owner and for vacationers on a 24 hour basis. Handling contracts and keeping funds in a Trust Account escrow, keeping vacation homes maintained well, scheduling contractors to the house to fix issues while guests are on-island, and being available 24 hours a day. Our company and the other management companies that we work with are full service and have many people paid employees handling all of these issues for clients and visitors on a daily basis.

I have seen homeowners try to skirt this issue by not paying a company to manage their home. They try to manage it from the mainland and have a housekeeper or friend call themselves the on-island manager for the house. It never goes well. There is little motivation for someone who is not getting paid to handle issues on a 24 hour basis so guests are often left in unsafe situations without a way to reach someone in an emergency. These people do not have the resources to fix problems and often the owners who try to skirt paying a management fee also do not want to pay to keep their homes up to the standard that we professionals require. Homes can be falsely advertised, double-booked, calendars not updated and there is no one that the visitor can get recompense from. A management company has to be accountable and do a good job. Our reputations depend on it.

The vacation rental industry is not going away. Homes in the non-conforming areas of Hawaii are very popular with travelers who can stay in like places all over the world. They will not simply turn to a hotel or resort if we do not have this industry on-island. They will go to another location. Please consider this in moving forward.

With aloha, Holly Lazo Broker RB20569
Owner of Kauai Island Vacations, Inc.
PO Box 555
Hanalei, HI 96714
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Condominium Rentals Hawaii



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March 3, 2015

The Honorable Sylvia Luke, Chair
House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

Re: H.B. 825 HD1, RELATING TO TRANSIENT ACCOMMODATIONS

Aloha Chair Luke, Vice Chair Nishimoto and Members of the Committee:

I am R. Allan Raikes, here to testify on behalf of Condominium Rentals Hawaii.

This letter is written in **OPPOSITION** of **HB 825 HD1**.

The issue of unpaid GET and TAT on short term vacation rentals is costing the State millions of dollars in lost revenue each year.

While many of those opposed to HB825 are owner operators who are playing by the rules, it is the silent ones that are currently ignoring the law and will continue to do so regardless of HB 825 HD1 passing or not.

While the intentions of 825 HD1 are to be commended, it shows a lack of understanding of the vacation rental business and current real estate laws. I do not see HB 825 HD1 improving the State's ability to collect these funds and the end result will be causing those property owners who are paying their taxes additional work, as well as further de-regulating this industry by no longer requiring a real estate license to conduct vacation rentals in Hawaii.

There is a reasonable solution to this issue as presented by Hawaii Association of Vacation Rental Managers that will enable the State to ensure taxes are being paid. Property owners have found a loophole which was widened with the enactment of ACT 326, which creates a gray area with regard to having a local contact as your on island representative as opposed to real estate law and landlord tenant law that states this must be an agent or caretaker.

In the mid 1980's the State determined the best way to regulate the vacation rental industry was to have operators use a licensed real estate brokerage. The need for this oversight has not changed, but with the access to a worldwide market with the internet off island owners have found a way to bypass this oversight of the State.

The following wording added to ACT 326 is a simple change that can be added with minimal cost to the State:

Act 326, Session Laws of Hawaii 2012 Local Contact definition language suggestion

a. *Local Contact – means any individual, who for compensation or valuable consideration, is employed an an employee by the operator of a transient accommodation to provide services required by this section.*

or

b. *A Hawaii Real Estate Broker, a Hawaii Real Estate Salesperson under the direction of a Hawaii Real Estate Broker, or a Hawaii CHO.*

- *Department of Taxation should have the right to require documentation they deem appropriate, unemployment insurance, temporary disability insurance, etc., from an operator to confirm employer requirements of (a) above are followed.*

The simple change in Act 326 accomplishes the goals sought from HB 825 HD1, where the highly complicated HB 825 HD1 will never be successful in achieving these important objectives.

Yours very truly,



R. Allan Raikes
President

RAR/lm

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:47 AM
To: FINTestimony
Cc: jeffrey.tatsumura@att.net
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jeffrey Tatsumura	Honua Kai 415 LLC	Oppose	No

Comments:

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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Rental By Owner
Awareness Association

House of Representative
The Twenty-Eighth Legislature
Regular Session of 2015

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

Date: March 2, 2015

Time: 11:00 a.m.

Place: Conference Room 308
Hawaii State Capitol

RE: House Bill 825 HD1, Relating to Transient Accommodations

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

Rental By Owner Awareness Association (RBOAA) is a non-profit entity incorporated in Hawaii that speaks for hundreds of very small business that consists of law-abiding Hawaiians and non-Hawaiians who rent their homes out to visitors.

RBOAA would like to voice our **Comments** to H.R.C No. 48 & H.R. No.22

We understand the intent of the bill is to address a number of issues facing the Cities and Counties of Hawaii, specifically noncompliance of tax payments and illegal short-term rentals.

HB 825 HD1 is unnecessary and overbearing

It is based on undocumented allegations put forward by those who feel they need to compete by thwarting law abiding vacation home owners through legislation rather than in the market place. The legislature should discourage this form of competition since the end result is additional costs ultimately borne by the consumer.

I have been a law abiding TVR owner in a resort zone on Maui for 25 years. Our maintenance and cleaning help are paid approximately \$50 per hour.

The unsubstantiated allegations have cast honest TVR property owners as tax cheats, the

DoTax as being ineffective, and the legislature as being unable to create laws that will solve a problem that has not been proven to exist. This is nothing more than a witch hunt pushed by those who want to thwart fair competition from honest TVR owners.

Some points to consider

- Hawaiian tourism has prospered by offering tourists options in their accommodations. They can stay in a hotel, utilize the services of a property manager or rent directly through a property owner. It is like legs of a stool. If you chop off one of the legs, the stool will become unstable. Beware of any unintended consequences of onerous legislation.
- Vacation home owners are a hidden asset to the State since they serve as excellent unpaid ambassadors to potential tourists. They love Hawaii and speak with potential tourists daily.
- There has been no State of Hawaii study of how many TVR's are not properly zoned or not paying their taxes. It is extremely important that any allegations be substantiated and also to differentiate between local zoning issues and Statewide tax issues. All allegations about illegal activity should be disregarded until a reliable study is done. And then it is important to differentiate between zoning violations and tax violations.
- Existing laws and regulations are sufficient to identify those TVRs that are not properly zoned or paying taxes. It is not fair to put additional burdens on current law abiding property owners if the State and local authorities are not making use of and enforcing current laws and regulations
- A count of VRBO listings suggests that there are approximately 16,000 TVR listings. 7,600 from property managers, 5,800 from property owners, and 2,560 undetermined. Those numbers include some double counting i.e. timeshares listed by multiple owners and property listed by both a property manager and owner. This is very different from some of the numbers of alleged illegal activity unless it is assumed that the illegals have found a way of effectively marketing their property without internet advertising.
- There has not been any study or documentation of consumer protection issues regarding TVR. In fact based upon publicly available on-line reviews, it appears that tourists are extremely happy.
- Property owners have a vested interest in providing excellent accommodations and service to guests. With cell phones and email, an owner can be contacted as quickly as anyone on-island and have every incentive to respond quickly
- Publicly available on-line reviews serve as industry self-regulation
- Tourists who pay by credit card have an added layer of protection
- Property owners do not need a license to sell their own property. Why should they need a license to rent their own property?
- Property owners who rent do not represent a profession and therefore are not subject to

a license requirement under Hawaiian statutes.

- Property owners who rent as a short term TVR should not be treated any differently than those who rent long term.
- There is no reason for trust accounts to be established since funds received from renters are not held in trust for anyone, but rather part of the operations.
- If legislation does establish a need for trust accounts, they should be established for both short term and long term rentals
- Property owners have a substantial investment in an illiquid and unmovable asset - their property, which should serve as more than sufficient security if a renter wishes to pursue legal action against a property owner.
- The vast majority of TVR owners abide by local and State laws. Additional burdensome laws and regulations will not increase compliance among those that are not currently compliant but could result in those currently in compliance to lose confidence for the law.

I request that you oppose HB 825 and also discourage participants in the accommodation industry from trying to compete through new legislation.

Mahalo for the opportunity to testify.

Respectfully submitted,

John Eckel, Treasurer

DAMON KEY LEONG KUPCHAK HASTERT
A LAW CORPORATION

March 3, 2015

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Charles W. Key
(1929-2008)

¹Admitted in Hawaii and California

²Admitted in Hawaii and New York



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To: Rep. Sylvia Luke, Chair
House Committee on Finance

From: Damon Key Leong Kupchak Hastert for
Alicia Humiston, President
Rental By Owner Awareness Association

Date: Wednesday, March 4, 2015
Time: 11:00 A.M.
Place: Conference Room 308

Re: **H.B. 825, HD 1, Relating to Transient Accommodations**

Dear Chair Luke and Members of the House Committee on Finance,

We represent the Rental By Owner Awareness Association (“RBOAA”), a Hawai‘i non-profit corporation whose mission is to provide accurate information about Hawai‘i vacation rentals to property owners, to support the Hawai‘i economy by ensuring that visitors have sufficient options in their selection of accommodations, to provide Hawai‘i vacation rental property owners with information to help them comply with applicable State and County regulations, and to advocate for the rights of Hawai‘i vacation rental property owners. RBOAA has an active membership of over 500 members who are tax-paying, law abiding owners of rental property in Hawai‘i. For the reasons set forth below, RBOAA **opposes** H.B. 825, HD 1. We have been asked to analyze and summarize the flaws in the legislation.

Analysis

H.B. 825, HD 1 (the “Bill”) creates a new chapter in the Hawai‘i Revised Statutes (“HRS”) regulating transient vacation rentals and placing enforcement authority under the Department of Commerce and Consumer Affairs (“DCCA”). H.B. 825, HD 1 also amends certain sections of HRS Chapter 327D, related to the Transient Accommodations Tax, to comport with this proposed new chapter regulating transient vacation rentals (“TVR’s”).

DAMON KEY LEONG KUPCHAK HASTERT

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March 3, 2015
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The purported intent of the Bill is to address longstanding community concerns about illegal TVRs being operated in communities throughout Hawaii by implementing a new, statewide licensing requirement. RBOAA shares these concerns, but believes that the Bill does not effectively address these concerns and, therefore, **opposes** the Bill for the following reasons:

1. **The Bill creates an unnecessary layer of State regulation.** TVRs are currently regulated by the various Counties where applicable.¹ Each County has its own definition of what constitutes a TVR,² enforcement procedures, and schedule of penalties for violations of regulations governing transient vacation rentals within their respective zoning ordinances. Thus, the fundamental problem in addressing illegal TVRs is not a lack of rules and penalties; rather, it is a lack of enforcement (or perceived lack of enforcement) of these rules and issuance of penalties that has led to the proliferation of illegal TVRs, particularly on the island of O'ahu.

Instead of addressing the enforcement issue, the Bill seeks to cure the illegal TVR problem by broadly defining TVRs as any dwelling unit in the State that is let for compensation for 180 days or less per rental, and imposing a new licensing and regulatory regime on owners of property fitting this definition. By defining TVRs so broadly, the State effectively proposes to usurp county authority over administration of their zoning ordinances, violating principles of "home rule" contained in the Hawai'i Constitution³ and State law⁴ generally delegating zoning authority, including defining the proper subjects of such authority, to the Counties.

¹ Hawai'i County does not regulate TVRs. For Maui County TVR regulations, *see* Maui County Code §§ 19.37010 and 19.40.010-110. For City and County of Honolulu TVR regulations, *see* ROH §§ 21-5.640 and 21-4.110-1. For Kaua'i County TVR regulations, *see generally* Kaua'i County Code § 8-17.

² There is substantial variation in how each County defines TVRs, presumably due to the variation in population density and demographics of each county. Hawai'i County, the largest in land area, does not define and, therefore, does not regulate, TVRs. Maui County and Kaua'i County define TVRs as dwelling units provided to transients for compensation for any period of less than one hundred eighty (180) days. *See* Maui County Code § 19.04.040; Kaua'i County Code § 8-1.5. The City and County of Honolulu, the most densely populated of the counties, defines a "transient vacation unit" as a "dwelling unit or lodging unit which is provided for compensation to transient occupants for less than 30 days, other than a bed and breakfast home." Rev. Ord. Honolulu § 21-10.1.

³ *See* Haw. Const. Art. VIII, § 2 (1978) ("Each political subdivision shall have the power to frame and adopt a charter for its own self-government within such limits and under such procedures as may be provided by general law.");

⁴ *See* HRS § 46-4 (2009).

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County-level problems require county-level solutions. The creation of a new licensing regime under the DCCA does nothing to address the root cause of the proliferation of TVRs. Instead, it creates another layer of bureaucracy that even the DCCA believes is not an effective response to address issues relating to illegal TVRs.⁵

2. **The Bill creates an unconstitutional restriction on property rights.** By defining and regulating rentals of dwelling units for 180 days or less, the Bill creates an arbitrary and unreasonable restriction on the right to rent and the right to live and move freely. For example, an ordinance that banned seasonal rentals of single family dwellings near the New Jersey shore was held to be an arbitrary and unreasonable restraint on the use of private property. *United Property Owners Assoc. v. Belmar*, 185 N.J. Super. 163 (N.J. Super. Ct. App. Div 1982). The Bill would impose a new regulatory regime on owners who rent to students, contractors, military, construction workers, farm workers and others whose rental needs in Hawai'i are less than 180 days. Moreover, the Landlord Tenant code already exists to protect the rights of tenants.

3. **The Bill unnecessarily requires TVR owners to open client trust accounts to handle customer funds.** Section 6 of the Bill requires each owner of a TVR licensed under the new chapter to establish a client trust account in a federally insured financial institution located in Hawai'i to hold customer funds. The alleged purpose of this requirement appears to be to ensure sufficient funds are available to refund customers in the event of cancellation and protect consumers from a TVR owner absconding with their funds. RBOAA believes that this requirement is wholly unnecessary and cannot point to another non-professional industry in Hawai'i that is required to maintain a client trust account. Furthermore, there is no evidence to support the underlying assumption that TVR customers have been financially harmed by TVR owners. The Landlord/Tenant code and criminal and civil laws prohibiting fraud already exist to protect tenants' rights.

⁵ "RICO [DCCA's Regulated Industries Complaints and Enforcement Division] acknowledges that oversight of transient vacation rentals has been an ongoing concern for state and county agencies. *It is unclear, however, whether the licensing and enforcement provisions in House Bill No. 825 are an effective response to address issues relating to transient vacation rentals.*" State of Hawaii, Dep't of Commerce and Consumer Affairs, *Testimony to the House Comm. on Tourism on House Bill No. 825 Relating to Transient Accommodations* (Feb. 4, 2015) (emphasis added).

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4. **The Bill's requirement that TVR owners allow the DCCA to inspect and audit their records is unnecessarily duplicative.** Section 6 of the Bill requires TVR owners to maintain all financial records related to TVR operations for at least two years and gives DCCA the authority to audit and inspect these records upon three days written notice to the owner. This requirement is unnecessarily duplicative as owners are already required to supply this information to the Department of Taxation upon request.⁶

5. **The Bill's enforcement provisions create confusion as to the roles and responsibilities of the State and County governments in enforcing its provisions.** Section 8 of the Bill allows the Director to contract with qualified persons or delegate to the Counties enforcement of the provisions of the Bill. As discussed previously, not only does this provision contradict the general authority of the Counties to administer and enforce their own zoning laws, it also creates confusion as to the roles of State and County government with regard to enforcement of the Bill's provisions. For example, if an owner violates one of the Bill's provisions, but is otherwise in compliance with applicable County law, can the County properly enforce this violation? The overlap of State and County jurisdiction created by this Bill make enforcement untenable. Furthermore, it appears to be another unfunded mandate to the Counties, with no provision to fund the increased enforcement responsibilities of the Counties.

6. **The Bill's enforcement provisions unfairly shift the costs of enforcement to private property owners.** Section 8(e) of the Bill provides that an owner shall be required to pay an amount estimated to be necessary to cover the actual expenses of any inspection to determine a violation of the provisions contained in the new chapter. This provision highlights the absurdity of the Bill. The State recognizes that the challenge in enforcing illegal TVR's is a lack of funding dedicated to enforcement. But instead of providing funds to Counties or otherwise leaving the issue of securing funds for enforcement of County laws to the Counties themselves, the State proposes to shift the burden of funding enforcement to individual, taxpaying citizens. This is grossly unfair to the property owner, particularly if the property owner is deemed not to be in violation of any zoning

⁶ See HRS § 237-39 and 40 (2014) (requiring taxpayer to maintain records for three years and granting the Department of Taxation the right to inspect and audit those records for purposes of determining the taxpayer's liability for G.E. taxes); HRS § 237D-12 (2014) (requiring taxpayer to maintain records for three years and granting the Department of Taxation the right to inspect those records for purposes of determining the accuracy of taxpayer's transient accommodation tax liability).

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laws as there appears to be no method in the Bill for obtaining a refund under those circumstances.

7. **The Bill's penalties are unnecessarily severe.** Section 9 of the Bill provides that any owner who fails to comply with this new chapter will be assessed penalties of up to \$10,000 for each separate offense. These penalties are unnecessarily severe, particularly when the violation relates to an administrative-type offense (e.g., failure to update owner and property information within the time limits prescribed by the Bill).

For the reasons set forth above, RBOAA **opposes** H.B. 825, HD 1.

Respectfully submitted,

DAMON KEY LEONG KUPCHAK HASTERT



Gregory W. Kugle
Ikaika B. Rawlins

GWK/IBR:ds

cc: Ms. Alicia Humiston, President
Rental By Owner Awareness Association

269676



Dear Hawaii State Legislature,

I am the owner and President of South Kohala Management, a property management firm handling over 100 vacation rentals in the resort communities of the Kohala Coast, on Hawaii Island since 1982. The tourism industry is a key industry in Hawaii and needs to be regulated effectively in order for our state prosper. There is a lot of opportunity to increase occupancy at the local hotels and vacation rental properties across our island, but business is being siphoned away from these legal and professional tourism sectors to the growing quantity of “illegal” vacation rentals that are managed by the non-resident property owner from out of state.

Professionally managed legal vacation rentals collect the GE and TA taxes and have to compete against rentals that do not impose this mandatory tax. This has put pressure on nightly rates and it has been hard for local property managers to compete with nonresident owner-managed illegal vacation rentals that don't charge these taxes and undercut our prices. Some of them do pay these taxes, but drastically underreport their actual revenue. Many non-resident vacation rental operators hire housekeepers and handymen hourly as independent contractors and do not report these wages, encouraging the expansion of a huge underground economy in Hawaii. When you really look at the big picture, the net effects of this unregulated business activity is the evaporation of millions of dollars of revenue to local businesses, workers, and tax revenue to the state.

I submit the above testimony for consideration by the state to **reject bill HB 825**. The Hawaii Landlord Tenant Code already requires that non-resident property owners must use a local “agent” to rent lodging for a transient accommodation. It is only logical that someone with a real estate license, who is trained and certified on the state's current leasing laws and their application, be the required “agent” of transient accommodations (except for the custodian-employee exemption). All of the requirements of the “local contact” that this bill proposes are already duties and skills of licensed property managers. It is only logical that this multi-million dollar key industry be operated by licensed, local professionals who are easy for the state to monitor and regulate.



If there are so many qualified "local contacts" to manage vacation rentals then why don't they just get a real estate license? The reason is because they don't really exist. This bill is just a loophole to allow non-resident vacation rental operators to handle their own leasing activity and evade the laws. It allows these owners to continue to pay people under the table and evade the laws. This does immeasurable harm to our economy and workforce. Who does the state have a duty to protect? Out-of-state homeowners/investors who ignore the law to increase their profits? Or local, licensed and regulated business operators who pay their fair share of taxes, create jobs and have a vested interest in our local communities?

I urge you to reject HB 825 for the interests of consumer protection, public safety, to support local businesses in creating jobs, and to strengthen our tourism industry through effective regulation.

Sincerely,

A handwritten signature in black ink, appearing to read "Malia Rozetta", is written over a light blue horizontal line.

Malia Rozetta
President

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 11:01 AM
To: FINTestimony
Cc: Mitchking01@frontier.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Mitch	King Realty	Oppose	No

Comments: The business is good for our economy, any property owner should have the right to rent there property, it needs to be regulated as to the collection of the taxes. The properties should be managed by a licensed broker that would be responsible for the management of the property.

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finance1-Kim

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:20 AM
To: FINTestimony
Cc: bridgestoparadise@live.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald Bridges	Bridges to Paradise Rentals Inc.	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 10:38 AM
To: FINTestimony
Cc: timberlineventures@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
James Long	Timberline Land Co. HI, LLC	Oppose	No

Comments: We are the owner of a Hawaii vacation rental property on the Big Island and believe that there is no need to be regulated by police powers. We are effectively self-regulated by guests who have stay with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet and social media in the digital age. Mahalo for the opportunity to have our views heard.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:51 PM
To: FINTestimony
Cc: hawaiianhaven@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kenneth Barrett	Hawaiian Haven, LLC	Oppose	No

Comments: Aloha, As a new vacation home owner on Maui (former Hawai'i resident who grew up on Oahu), I wanted to voice my opposition to this legislation as I do not believe that it will improve the rental experience for guests to Hawai'i. Given that we operate our business through an LLC, we have already had to obtain a business license and tax license in Hawai'i. As our property is part of a larger resort, we must provide our on-island agent contact to our HOA, who in turn, reports to the state. We work incredibly hard to ensure that all of our guests have an experience that is consistent with what we always received as long-time vacation renters and previous residents of the state. I do not see the value in adding additional licensing requirements, that may increase operating costs (and nightly rates), and discourage others from owning a Hawaiian home and sharing it with others. If anything, I feel that those who put themselves forth as property managers or caretakers should be licensed to serve in that specific capacity--very different than being a real estate agent-- as they are the ones ultimately responsible for advising owners and working to maintain vacation rentals for owners who are not on-island. Thank you for continued hard work on behalf of all Hawaiian residents, businesses, and stakeholders and for your anticipated opposition of this unnecessary legislation. Me ka aloha pumehana, Ken Barrett

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March 4, 2015

House Finance Committee
State Capitol, Room 308
Honolulu, HI 96813

Re: HB 825 HDI,

Dear Finance Committee Members,

As a Real Estate professional I put to you that Vacation Rentals have been a regulated industry for many years. There are currently laws in place that govern vacation rentals and there our Real Estate professionals that currently manage them. They send 1099's to the state so income is reported and collect GE and TAT taxes. The problem is not regulation; the problem is that the current laws, in place for many years, are not being enforced. Passing bad laws is not going to cure this problem, enforcement is what is needed. Collecting rents, reporting revenue, abiding by landlord tenant code is here already but if not enforced, no law is effective. Do not muddy the waters by passing a whole new set of regulations, poorly thought out that will create an entire new problem. You are just adding a whole new wave of unlicensed, unprofessional rent collectors, untrained and unfamiliar with landlord tenant code.

HB 825 HDI will deregulate the vacation rental industry and create all new issues. It is a bad bill.

Pamela Higgins, PB
SunQuest Vacations

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 10:30 AM
To: FINTestimony
Cc: greg@twopalmsproperties.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Greg Jacobs	Two Palms Properties	Oppose	No

Comments: If you want to drive business out of Hawaii this is the bill for you. There is adequate regulation in this industry. Taxes are being paid and tourism is increasing. This measure is too punitive. This would likely be the straw that breaks our company's back and we would pull out of Hawaii market.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 6:19 AM
To: FINTestimony
Cc: adaeschen@yahoo.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ada Eschen	Individual	Oppose	No

Comments: I OPPOSE this measure and support RBOAA's position.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 28, 2015 10:10 AM
To: FINTestimony
Cc: lenora@hawaii.edu
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 2/28/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Dr. Lenora Lorenzo	Individual	Oppose	No

Comments: Dear Legislators and Committee Members of TOU, Mahalo for the opportunity to provide testimony on HB825. The intent of this bill is not clear. I support the state's needs to provide protection for tourists and for the state to receive GE and TA taxes owed to the state from transient accommodation rentals. I support and can follow reasonable procedures to provide verification/proof of my compliance. HB825 appears to have many new requirements that represent a burden to implement and the exact requirements are also very unclear. A large number of new requirements, seem to present an excessive burden on a small business owner. Much of the new requirements appear unconstitutional and punitive to an excessive degree, such that fines and enforcement appear to be unfair practice to this specific small business group. I must respectfully Oppose this Bill. Mahalo for your work to be fair, transparent and in support of small business in Hawai'i

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:31 AM
To: FINTestimony
Cc: a.wilson@jwr.ca
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Wilson	Individual	Oppose	No

Comments: I strongly oppose HB825 Alan Wilson

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 12:09 PM
To: FINTestimony
Cc: alarson107@att.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
alarson	Individual	Oppose	No

Comments: The county of Oahu needs to work to permit instead of more enforcement. This is a county battle not an issue for the whole State. Thank you.

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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March 2, 2015

Reference: [HB825 HD1](#)

Members of Hawaii Legislature, I thank you for the opportunity to submit comment.

I OPPOSE this, yet, another proposed Bill which does nothing but impose poorly conceived (unnecessary) over regulation and seeks to impose draconian penalties upon tax paying (law-abiding) private property owners. No other business trade has been assaulted in this manner; no other business trade is perceived to be deserving of such disservice and disrespect; no other business trade is sought to be "punished" as severely as proposed by this Bill.

Owners of Hawaii vacation rental properties do not need to be regulated by what will amount to police powers. We are effectively self-regulated by OUR GUESTS who are regularly returning to our rentals, and by those who are yet to arrive – travelers who dream of visiting this beautiful, “Aloha-spirited” destination to stay in a well managed, well preserved, lovingly upgraded Transient Vacation Rental property.

The consumers, OUR GUESTS, are instrumental in our self-regulation; it is they OUR GUESTS = CONSUMERS who provoke TVR owners to provide a high standard of accommodation service to their expectation for their positive rental experience --- and if we fail in any aspect of the contracted rental experience, it is they, OUR GUESTS, who will not only not rent from us again, they will make full use of their opportunity to provide online [Internet] consumer feedback (guest / traveler reviews) to warn others about their experiences. That’s the power of the Consumers' Free Speech, that's the power of The Internet, of social media. Social media portals, instant texting, 'tweeting', Web-sharing (Face Book), and free portal for amature videos (You Tube) keep us working hard to perform, to self regulate. The Vacation rental advertising portals on the Internet, such as VRBO, FlipKey, Trip Advisor, Airbnb, etc., aid in the collection of such consumer feedback from OUR GUESTS about their rental experiences dealing with TVR owners. Believe us when we state that we are truly consumer regulated.

And, we are already regulated by the State of Hawaii through earlier passed Bills.

It needs to be stated, again and again, that as owners of Hawaii vacation rental properties, we make important, valuable contributions to the Great State Of Hawaii:

- We pay Transient Accommodation Tax; we pay General Excise Tax;
- We pay property tax;
- We comply with zoning laws; we comply with local bylaws, HOA and resident neighbor ordinances;
- We comply with Act 326;
- We comply with the Landlord Tenant Act;
- We enter into contract with our housekeepers;
- We enter into contract with our contractors;
- We enter into contact with property managers as needed;

- We invest capital to purchase, upgrade, and maintain our properties; we spend millions in Hawaii shops and local service providers;
- We respect and value our relationship with our guests; we have annually returning guests and we promote Hawaii as "the #1 destination" to newcomers;
- We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; we never permit our property to degrade (it's not our properties that are eyesores to Hawaii decorated with junked vehicles, abandoned, rusted items and overflowing trash in front "gardens" --- how is it that those property owners are permitted to "house" Hawaii residents in their unhealthy and dangerous properties --why not go after and regulate them?); we landscape, we maintain, we beautify our properties and neighborhoods....we are proud of our properties invested in Hawaii;

We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

The licensing requirements and enforcement provisions, proposed by this Bill (HB825 HD1) for transient vacation rentals to be administered by the Department of Commerce and Consumer Affairs are beyond the draconian pale.

The drafters of this Bill, and all who support it, should hang their heads in shame, in my opinion, Instead of wasting time and precious tax-payer resources, e.g., by putting forth ill-conceived drafted Bills before our Legislators -- they should rather consider how self-serving, draconian, ill-defined, and ignorant these appear ; they are in violation of the US Constitution, The US Bill Of Rights, The US Free Trade Act, The North American Free Trade Act (NAFTA), and all private property rights.

The drafters and supporters of this and the onslaught of their other myriad drafted Bills compose a, not-so-hidden, self serving agenda which will destroy not only the Transient Vacation Rental Trade, but Hawaii's future as the Aloha Spirited destination for property investors, local businesses, and will break the spirit of visitors who PREFER private lodgings over hotels.

It's time to stop the special-interest groups in the Great State Of Hawaii from the continual onslaught aimed to terrorize Hawaii's property owners by pushing new regulations for police-wide, State-wide control of private propertywielding punitive, onerous punishing penalties no other business trade has ever been threatened with.

Drafters of this Bill and their other draconian Bills should be shunned.

What the Elected Officials should do is **REJECT this Bill** (and it's sister Bills) and **RATHER WORK TOGETHER WITH INTERESTED PARTIES IN FAVOR OF SUPPORT HAWAII: work closely with The Rental By Owner Awareness Association (RBOAA) <http://www.rboaa.org> -and- bring to the table the expertise of The Short-Term Rental Advocacy Center <http://www.stradvocacy.org/> . Both exist to represent the interests of, not only the TVR owners, but to help States, Communities and WORK WITH LEGISLATORS.**

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 1:08 PM
To: FINTestimony
Cc: annettelohman@earthlink.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Annette Lohman	Individual	Oppose	No

Comments: March 2, 2015 Mahalo for the opportunity to testify. I oppose HB 825 HD1 Thank you for the opportunity to provide testimony on HB825 HD1. I oppose this bill and am in full agreement with the position of RBOAA. In addition to being in agreement with their position, I would like to provide the following testimony. I have owned my single vacation rental property on Maui since 2001. After initially using a management company, I have, for the last several years, self-managed my condo which is in a resort zone. During the years of my ownership, I like many condo owners, have been in full compliance with the required payment of GE, TA, property, and income taxes and all registration regulations. I support the state's needs to provide protection for tourists and for the state to receive GE and TA taxes owed to the state from transient accommodation rentals. I support and can follow reasonable procedures to provide verification/proof of my on-going compliance. I support reasonable measures to bring those who are not in compliance at this time into compliance. However HB825 HD1 appears to have many new requirements whose purposes are not clear and which represent a significant burden for owners of TVRs to implement. Many of the licensing provisions appear to be duplicates of what are currently in place and/or are burdensome with regard to documentation. Currently there is a licensing mechanism that does not require annual renewal. Has the state considered the personnel cost requirement to process annual renewals? Provision #3 License Requirements. License requirements are extensive. Several of these are likely to be updated periodically especially (b)(3) and (b)(8). While it makes sense to update these on a yearly application, within 60 days seems excessive and a lot of personnel processing requirement for dubious benefits. Provision #5 (b) Documentation. Have the promoters of this measure considered the state's cost of management of the documents (including CC&Rs which can be inches thick) that are to be submitted along with each of the applications for individual condos licensed under this bill? (#5b). The cost of collecting, reviewing, storing, and managing this paper and subsequent amendments or changes on a TVR by TVR basis is not inconsequential. Why is all this needed? Where will the state get the resources? Provision #5 (b)(3) Local Contact 24/7 Availability. I am also concerned about #5(b)(3)'s call for the local contact to be available on a twenty-four-hour a day basis. Without life and death being at stake, such intensity of service makes no sense. Most condo associations have emergency numbers for after hour situations that are more than adequate to handle any situation faced by a guest. Over the nearly fourteen years of my owning my condo, I have never had an emergency call that required 24/7 response. Please delete this provision. Provision #6(a) Client Trust Accounts. I am particularly concerned about #6 -- the requirement for self-managed TVR owners to maintain client bank trust accounts in the state of Hawaii and to deposit all money received into such accounts.

There has been no evidence cited in the bill that shows a need for client trust accounts to provide protection to consumers renting legal TVRs. Trust accounts are a normal means of managing security deposits and rents received from tenants by management companies which typically manage non-transient accommodation properties – e.g. properties that are rented on a long-term, more than 180 day, basis. Rents are then dispersed to owners of properties as they are paid and the security deposit held until the property is vacated. Security deposits for long-term rentals are typically of large and, since they are held for a long time – sometimes years – they need to be protected from the unscrupulous commingling with personal or company accounts by property managers. For reference on this topic, please view the following source: <http://www.propertymanager.com/2010/07/property-management-trust-account/>. In some states all security deposits for all properties under management are kept in one trust account and rents belonging to owners of the properties are kept in separate trust accounts for the owners; in other states, all rents and security deposits for each property are held in a single trust account. The common element is that the use of trust accounts is necessitated by the property manager's role as agent for multiple owners, the large sums of money under management, the length of time the funds are held, and the need to keep these funds separate from the manager's private funds. The use of trust accounts by property manager might also be necessitated when vacation rental management companies manage many properties and collect rents on behalf of their client owners. Self-managed TVRs operate in a completely different manner. First, there is no role of intermediary agent because the manager is the owner. There is no "client." Transactions exist between owners and their customers. Second, the rental property is a transient vacation rental. Security/damage deposits are small or often non-existent. Third, rents collected belong to the owner who receives payment directly from the renter under the terms and conditions of the rental contract. Once a renter pays for the rental, the money belongs to the owner, not the renter just as when a property manager remits rents to an owner and the rents then belong to the owner. The owner uses these funds to pay for Homeowner's Associations fees, utilities, mortgages, and taxes (T.A., G.E., Property, and Income). The remainder is the owner's income. Any funds owners receive are not being held on behalf of other parties nor should they need to be kept from those owners. If the concern behind such a provision is consumer protection, it should be noted that if such protection is needed, it is from fraud perpetrated on consumers from ILLEGAL RENTALS or SCAMMERS and would not be addressed by client trust accounts since such are unlikely to follow any rules that would inhibit their ability to defraud consumers. Those of us who self-manage legal TVRs use rental agreements which include policies for refunds of deposits and as well as penalties should a cancellation occur. Like any other business owner, negative reviews on the web are the kiss of death for our business. An owner of a legal TVR who advertises on any of the websites for TVRs such as VRBO and Flip Key, will quickly find him or herself without any rentals if a reviewer writes that the owner withheld refunds in violation of the rental agreement. Such reviews make legal operators of TVRs self-policing. The trust account provision also raises quite a few disturbing questions for self-managing TVRs. How would such accounts operate? Who would track and police receipts and withdrawals and determine their legitimacy? How would out of state owners deposit receipts to these accounts? Since TVRs represent short-term rentals, the number of deposit transactions over a year per property are significantly greater than they would be for a traditional long-term rental. For any given rental which can be as short as a couple of days to as long as a couple of months, there is likely to be an initial booking deposit, a final payment of rent, a security/damage deposit, a refund of the damage/security deposit, and, return of rents if cancelled in accordance with the terms of the rental agreement. Who will police these transactions and how will the state afford the personnel to do so? When will owners be able to withdraw their own money and for what cause will the state refuse to let us do so? Does the state similarly seek to intensely monitor and control the transactions of other small legal businesses? If not, why are we being uniquely burdened with such inappropriate requirements when no legitimate purpose is being served? Shouldn't the state be using its limited resources to bring illegal TVRs into compliance rather than hound those of us who are in compliance with burdensome restrictions on access to our own money?

Provision 6(a) Book Auditing. I am also greatly troubled by the provision that would require that all financial records and documents relating to a TVR be made available within three days of a request for same by the licensing agency. Not even the IRS is so demanding. The three-day requirement is extremely unrealistic and unfair particularly given the potential fines associated with failure to comply. What if the owner/manager lives off island? What if she or he is on holiday and not reachable (with the on-island contact in full charge, of course) and/or does not have the records with him or her? Should owners be required, out of fear, to cancel all personal vacations or trips in the event that the agency decides to require the documents on three day notice or face steep fines of \$10,000 or more? What if she or he is working or is in the hospital? What purpose does the extremely short time frame serve? I support all legitimate needs for information but this three-day provision of the measure seems extremely draconian and no reason for it is offered. Does the provision meet the rationality and fairness criteria of a Sunrise Analysis? Finally, I am concerned about the provision that mandates a cash accounting system for owner-operators of TVRs. Why is a cash basis mandate included in a provision in this bill? What logic is used to propose this provision? What purpose would it serve? How could we demonstrate to the satisfaction of the department that the books regarding the TVR are acceptably being kept on an accrual basis? Keeping books on an accrual basis – when income is actually earned compared to when cash is received -- is much simpler than on a cash basis for my TVR. The receipt of deposits toward rent and security deposits as well as their return when cancellations occur and refunds are made is much more complicated when managed on a cash basis for tax purposes. Would a Sunrise Analysis find that this requirement meets the rationality criteria? Mahalo for your consideration and the opportunity to provide testimony.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 1:37 PM
To: FINTestimony
Cc: blakethemilkman@gmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Blake Cronin	Individual	Oppose	No

Comments:

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Dear Legislators,

My name is Bonnie Aitken and I own a TVR on Kauai. I am in STRONG OPPOSITION to HB825 HD1. I do not understand the draconian measures you are suggesting be enacted into law that I would then be compelled to follow or lose my ability to self-manage my TVR. The way this bill reads, it seems like the state assumes all TVR owner-operators are illegal or tax cheats and must be audited within 3 days and inspected at the whim of a governmental employee. I find this bill extremely offensive. I am losing my interest in doing business in the state of Hawaii. I do contribute a significant tax to the economy but I am seriously considering moving away from this state. Why stay in a state that does not want you to do business there?

In order for HB825 HD1 to move forward, you must have a Sunrise Analysis performed by the auditor to determine if a currently non-regulated industry needs regulated. To quote the Council on Licensure, Enforcement, and Regulation, "The primary guiding principle for Legislators should be whether or not an unregulated profession presents a clear and present danger to the public health, safety, and welfare. If the answer is no, regulation is not necessary and wastes taxpayer money."

Where is the evidence that legal, self-managed TVR operators are a clear and present danger to consumers? Might I respectfully request that in your sunrise analysis, you look at the Traveler Reviews on both VRBO and Home Away websites for the legal, self-managed TVR owner-operators. I can offer you my site for an example of what I perceive to be a well-run TVR. Look at www.homeaway.com/157076 and study the reviews. Where is the "clear and present danger" to the consumer? Successful TVR properties well managed by their owner's benefit Hawaii and the tourists. There is no better voice than the tourist to ascertain whether or not they are happy with their experiences with the TVR community. A poorly run TVR will simply not survive, no government intervention needed. The consumers are perfectly capable of choosing what works for their family without government intervention. They have the information they need by reading the reviews!

The Sunrise Analysis must also look at the probable effects the proposed regulatory programs will have on the industry it wants to regulate. The regulation may not be introduced to advance one occupation and reasonably restrict another. The hotel-property management industry will be favored over the owner-managed TVR industry. If this legislation becomes law, you will damage an estimated 25% of the TVR units available to the public. That would harm the public and deprive the tourists of the ability to choose the lodging that best meets their needs. It should be the tourists that decide. Read the reviews!

I do not know why you need any more documents proving I have a legitimate business. I have a TAT and GET license. I have a county permit showing I am within the zoned area for a TVR. The tax department has all this information already. My property taxes reflect that I am in a TVR approved area and I am already paying a higher property tax because of that. The tax department already knows who I am. Furthermore, I am registered with the state and the state sends me my GET & TAT forms to fill out. I fill out a TAT form monthly, a GET form quarterly, and a yearly form to catch any errors I may have made. These forms are already filed with the tax department. You already have the means to verify my tax

status. Why are you attempting to add another layer of duplicitous bureaucracy when you already have the means to obtain the necessary information? Save some tax dollars please!

Why are you insisting a self-managing owner establish a client trust account? In my contracts, the guest (client) owes me rent a certain number of days prior to their stay. Up until then, they may cancel their contract and owe nothing. I only collect rent when it is due and it becomes non-refundable as per the contract. I have given money back if people cancel but it is with my discretion and as I don't want a bad review on the website, I have always returned the rent when asked. I want happy guests! What purpose would a client trust account serve? Money isn't collected until it is due by the contract they signed. It is stated in my contract that should the condo become uninhabitable, I will refund their money and find an alternative place for them to stay. I propose you eliminate the bank trust account as it serves no purpose for a self-managed condo rental with the owner handling all the financial transactions. As HB825 is now worded, unless I establish a client trust account, I am not allowed to do business in Hawaii.

I maintain my books but sometimes I go on vacation and would not be home to turn over my books for inspection and an audit within 3 days or face stiff fines. You are acting as a police state. This bill also demands that my property can be entered and inspected, at my expense, by any employee or member of the zoning department upon written notification to confirm I am following the laws. Will my guests be interrupted by an inspector during their stay? Please eliminate this aspect of HB825 HD1.

As for my local contact being available 24-7, I recommend you delete this provision. Reasonable hours I can expect but 24-7 is not reasonable. I have posted in my condo several other individuals to contact in case of a true emergency such as medical, plumbing or wiring issues that need attention immediately. Show me a real estate agent that conforms to the 24-7 requirement.

The powers you are giving to the "Director" need to be more limited. The director can issue a "fee" but it is not stated what the fee will be. The director does not seem accountable to anyone and can cause harm to a small business at their whim.

To sum up, I do not support any part of this bill and suggest you scrap the entire bill as it is poorly thought out. It would impose excessive burdens on the small business owner. I believe a Sunrise analysis by the auditor will demonstrate there is no need to impose such draconian measures in HB825 HD1 on the legal owner-managed TVR. The legislation would hurt the consumer you purportedly are trying to protect. Where is the evidence the public is in danger and that taxes are not being paid? I hope you are not just justifying your legislative efforts based on a newspaper article written by someone with a bias towards one industry over another.

Thank you for the opportunity to voice my strong opposition to HB825 HD1.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 10:25 AM
To: FINTestimony
Cc: krellersgetaway@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Brad and Wendy Kreller	Individual	Oppose	No

Comments: Our guests hold us accountable! We take great pride in providing a nice accommodation for our guests. We pay our general excise, transient, and property taxes. We comply with each rule and regulation set forth for vacation rentals. We are proud to own a piece of paradise and do not take it for granted. We need not further policing or governance as our guests let us know (you can be sure!) if something is awry and we take great pride in ensuring all guests have a nice time and keep coming back!

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 10:55 AM
To: FINTestimony
Cc: brandon_in_seattle@mac.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

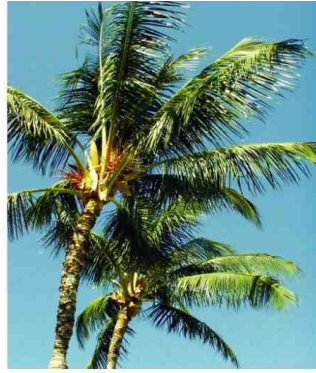
Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Brandon Mullenberg	Individual	Oppose	No

Comments: I am all for the enforcement of the current rules and regulations but oppose HB 825. I comply with all aspects of the current rules, I pay property taxes, GET / TAT tax, I comply with Act 326, I use licensed contractors, etc.. However this HB 825 makes things even more complicated and has holes where even minor offenses could lead to the suspension of my license with no resource. Or my ability to operate my own rentals which I have been doing may be refused to be granted. I must respectfully oppose this bill.

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www.bigislandbliss.com

2 March 2015

Honorable Members of the Hawai'iian Legislature,

I am writing as a mainlander who has managed and shared his second home in Waikoloa as a vacation rental property since 2006. In this capacity, my wife and I constitute an enthusiastic marketing force for Hawai'iian tourism and comply with all state laws.

Like my fellow members of the Rental By Owner Awareness Association:

- We pay Transient Accommodation Tax and General Excise Tax – exceeding \$4800 in FY 2014;
- We pay property tax – more than \$4200 in 2014;
- We comply with zoning laws;
- We comply with Act 326;
- We comply with the Landlord Tenant Act;
- We contract with our housekeepers;
- We contract with our contractors;
- We invest capital to purchase, upgrade, and maintain our properties – a 2013 renovation utilized \$60K+ in local labor and materials;
- We respect and value our relationship with our guests, and they become advocates for Hawai'i tourism after their stay at our place;
- We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this,
- We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

I feel the latest spate of bills designed to regulate our sector are short-sighted and misdirected (these include Bills No. 1031, Bill No. 968, Bill No. 198, Bill No. 519, Bill No. 201, and most regrettable, Bill No. 825). They're not just bad law, they're bad policy.

Aside from the punitive nature of demanding further reporting and registration calisthenics from those who already dutifully pay thousands of dollars in transient accommodation and excise taxes annually, and the singling out of a body of non-constituents (mainlanders with second homes in Hawai'i) for harassment, there's some serious state over-reaching going on here.

Particularly repellant is House Bill 825, which appears to be a lengthy wish list composed by the local banking and real estate lobby, and quite oblivious to individual or homeowners' rights. Among its offenses, it states that each off-island host has to register their property with a real estate professional (or a custodian who is in their employ). My wild speculation is this 'service', which is neither required nor requested, will not be performed gratis.

Further — and this strikes me as extra-legal arm-twisting of the lowest sort — it stipulates that all monies exchanged between hosts and their guests would have to be transacted within the walls of Hawai'ian banks. I am certainly not going to accuse the two major Hawai'ian banks of being service-intensive innovators, let alone efficient or inexpensive to use, and feel that conducting business with local banks from a remote location represents an impractical and undue hardship on mainland property owners. Further, telling me whom I have to bank with, for the privilege of continuing to fill state coffers with my tax payments, is a grotesque incursion upon my privacy and commercial freedoms and suggests an unsavory collusion between the state and the banking industry.

As a byproduct of the pursuit of an undocumented, scofflaw economy, these bills will serve to alienate a large and compliant group of property owners whose participation is voluntary and transparent. The result can only be counter-productive: owner-renters will be driven from the marketplace, and many will be forced to rethink their revenue projections and retirement destination planning.

I most emphatically urge you to vote Nay to Bill No. 825.

Thank you for this opportunity,

Sincerely,

- Brendan Hickey

brendan@bigislandbliss.com

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 6:54 AM
To: FINTestimony
Cc: carabirk@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Cara Birkholz	Individual	Oppose	No

Comments: Mahalo for the opportunity to testify. I am a Maui resident and own/operate four vacation rentals here. While I absolutely agree that all vacation rental owners should be complying with the law, I OPPOSE this bill, particularly the establishment of mandatory client trust accounts. Trust accounts are of course needed when dealing with OTHER owners' funds that are held in trust for them, but in my case I own the four condos and obviously don't need to hold money in trust for myself. I am a member of RBOAA and ask that you please take their suggestions regarding this bill into consideration. Cara Birkholz 808-281-7934

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:41 AM
To: FINTestimony
Cc: cc.travl@verizon.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Carol Coppel	Individual	Oppose	No

Comments: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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Sent: Monday, March 02, 2015 10:17 AM
To: FINTestimony
Cc: cmhiatt@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Carolyn Hiatt	Individual	Oppose	No

Comments: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us. As an owner of vacation rental properties, I do the following: • I pay Transient Accommodation Tax and General Excise Tax; • I pay property tax; • I comply with the Landlord Tenant Act; • I contract with our housekeepers and contractors; • I invest capital to purchase, upgrade, and maintain our properties; • I help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 2:00 PM
To: FINTestimony
Cc: caryn.tatsumura@att.net
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Caryn Tatsumura	Individual	Oppose	No

Comments:

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HB 825 RELATING TO TRANSIENT ACCOMMODATIONS

FINANCE COMMITTEE
Wednesday, 03-04-15 11:00AM
in House conference room 308.

Catherine Graham
2106 Kula St.
Honolulu, HI 96817

I Oppose HB 825

I am writing in strong opposition to HB 825.

I am retired. I rent a 3 bedroom house in Alewa Heights. The total rent is \$2100 a month. I have lived there for over 10 years with a housemate who has his own room. My share of the rent covers my room and what was once my son's room (he is grown and gone). I rented out my son's room for years to regular local renters but when the last one moved out I couldn't find anyone suitable. The person must share a bathroom and living space with the other 2 of us so must be compatible.

Since I live on a fixed income now of \$1300/month, I could not afford my share of the rent which is \$1200. A friend recommended I try AirBnb. My AirBnb profile states very clearly that we can only accommodate single travelers and since AirBnb seems to vet their clientele well, I have had over 20 visitors in the last 2 years who have been from all around the world, very interesting and certainly well behaved. They have ranged in age from 18 to 70. I pay GET and Income Tax on the revenue which just helps me pay my rent. These are my house guests, although they are paying to stay with me.

I don't own my house. I'm barely scraping by financially with housing being so expensive. An additional tax, registration and licensure fee and oversight by the state does not seem appropriate for those in my situation. If my accommodations are not up to par, the visitor evaluates me on the AirBnB website and I won't get any more guests. Government does not have to regulate that – that aspect of the vacation rental is self regulating.

It also seems to me that adding the extra layers of regulatory oversight will cost more than the additional tax may bring in, policing will be a nightmare, and the aloha spirit will be kissed goodbye.

I oppose HB 825.

Respectfully submitted,

Catherine Graham

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 7:39 AM
To: FINTestimony
Cc: chrisyarish@hotmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Chris Yarish	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 10:31 AM
To: FINTestimony
Cc: cindi@cindi-anderson.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Cindi Anderson	Individual	Oppose	No

Comments: I own a vacation rental home in Hawaii. I already pay Transient Accommodation Tax and General Excise Tax, property tax, and comply with existing laws. I have never had a complaint about my property; I have over 25 5 star reviews and have never had a review less than 5 stars. The reason I bought in Hawaii is because for years I visited other vacation rentals in Hawaii, and it was a much more enjoyable experience for me than a hotel. Competition has already been heating up for VR owners recently, and I fear this extra bureaucracy will push many owners over the edge and they will sell their homes and condos. Where will all the visitors go then? I especially object to the trust account provision. That is just a terrible idea, not to mention being so poorly defined in the bill that there is no telling how it would be implemented. Please vote no on this bill.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 2:58 PM
To: FINTestimony
Cc: colettewolszon@hotmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Colette Wolszon	Individual	Oppose	No

Comments:

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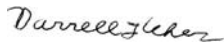
I would like to comment and oppose the change to HB825. I have a second home in Oahu that I stay in during the summer months since 2008.

I read the bill and feel that the creator of the bill is looking for a way to take control of anything and everything to do with my home and other homeowners. Our time in Oahu is always a welcome experience and we purchased the home even though the home price was expensive for us.

This bill is pretty much going to give someone that is assigned the duties of this bill to do what they want and put us out of reach of our mortgage payment by paying 10,000 dollar fines and other punitive action. I don't recall ever seeing something written so harsh for people that are not doing criminal activity.

I don't think anyone would care to live under the bill that is being proposed. I know I wouldn't be able to feel comfortable knowing someone is able to go on my home property, hire private investigators to watch me or my family. I will not feel welcome in Oahu anymore if this bill is passed.

Sincerely,

A handwritten signature in cursive script that reads "Darrell Uher".

Darrell Uher

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 10:55 AM
To: FINTestimony
Cc: fscrooner@hotmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David Goldson	Individual	Comments Only	No

Comments: HB-825 HD1 will only add another level of costly bureaucracy where it is not needed. I do not need the State to tell me how to run my rental condo. In this computer age my guests keep me constantly aware of what they like and want needs to be improved via email and posted reviews. As an owner, I collect and pay GET and TAT taxes, keep cleaning and repair enterprises busy, and purchase furnishings and appliances locally. I am proud to own property in Hawaii and contribute to its flourishing tourism industry. I already have a GET license and a TAT id. Requiring another license where there is no need is an unnecessary duplication that will only serve to add to confusion and expense.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:20 AM
To: FINTestimony
Cc: davegiacomini@sbcglobal.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David Giacomini	Individual	Oppose	No

Comments: as a property owner and taxpayer I strongly oppose this bill

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HB825 Testimony

March 2, 2015

Respectfully,

We are retired mainland owners of vacation property in Hawaii since 2013, and we are opposed to the passage of HB825. We purchased this property after many years of visiting the islands, wanting a place to visit and enjoy all the beauty the islands have to offer. During the times that we are not using the property, we decided to make the property available for others to enjoy at a fair market price. The funds made from these rents are used to pay taxes, pay down the debt, and to improve the property.

As owners of Hawaii vacation rental property we believe the combination of fair market practices and existing statutes (if properly enforced), are sufficient regulation to govern our actions. We are effectively self-regulated by the simple fair market principal that guests will not do business with owners whose properties and business practices do not live up to a high standard. If we do not provide guests with a positive rental experience, they will not rent from us again, and will make full use of their opportunity to provide online reviews that allow potential guests to make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age.

As owners of Hawaii vacation rental property, we make important contributions to the Hawaii economy, including:

- Transient Accommodation & General Excise Tax Payment;
- Payment of Property taxes;
- Employment for local housekeepers;
- Employment of contractors & local businesses;
- Employment of managers and/or Island Contacts;
- Investing capital to upgrade and maintain our properties

HB825 Testimony

March 2, 2015

In addition we are compliant with multiple state, local, and federal requirements regarding our property, including:

- Payment of Federal income taxes
- Compliance with local zoning laws & fire code;
- Compliance with Hawaii Act 326;
- Compliance with the Landlord Tenant Act;

We respect and value our relationship with our guests and with the local Hawaiian community and take great pride in the investment we make in our property so as to exceed guests' expectations.

We are a very small enterprise. Passage of this legislation would be onerous, and impose unreasonable hardship on small proprietors like us, who simply seek a responsible, reasonable means of owning and sharing a bit of the paradise that is Hawaii. Through all of this we help Hawaii remain a globally competitive tourism destination by ensuring the state can meet the demand for accommodation choices beyond those offered by hotels.

In summary, we are opposed to the passage of this bill, and believe that adequate safeguards are already in place (if enforced) to protect the rights of guests, the state of Hawaii, and the local communities of which we are a part.

Mahalo for this opportunity to make our concerns known.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:54 AM
To: FINTestimony
Cc: dhoward53@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
deborah howard	Individual	Oppose	No

Comments: Dear Sirs or Madame, I am a vacation rental owner. I pay my taxes. Those who don't pay their taxes won't pay them with or without this measure. I am opposed to this measure because it is another policing agency looking for payment for its services and that payment will undoubtedly fall on our shoulders in the way of increased taxes. One day your GET AND TAT taxes will be so high most tourists will only sail to Hawaii and return to their "boat hotel" at night. All manner of tourist vacation services will suffer, not just hotels. Less tourists means less taxes, means less money to pay you, means you won't have a job along with the rest of the workers of Hawaii. Get a grip and stop this before it happens. I already receive comments from tourists re the existing "highest taxes they have ever seen." If you allow this legislation to pass you will be shooting yourself in the foot. Kind regards, Deborah Howard

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 6:59 AM
To: FINTestimony
Cc: Palekaiko@hawaiiantel.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Della Halvorson	Individual	Oppose	No

Comments: I am an owner of a transient vacation rental in a condominium complex in an approved TVR-zone in Maui and operate in compliance with all relevant requirements. I am writing to OPPOSE HB825.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:10 AM
To: FINTestimony
Cc: dfeige@shaw.ca
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Diane Lane-Feige	Individual	Comments Only	No

Comments: I am an on off island Maui condo owner who complies with all regulations and who endeavours for my guests to explore and love Hawaii as I do. I pay GET, TAT, property tax and utilize on island resources for my guests both for their safety and overall good vacation experience. However, if renting becomes more onerous, I will stop renting and use the condo for my own time. The effect of that will be for me: less income but also less expenditures and hassle and for the state of Hawaii: fewer visitors who visit restaurants, rent cars, take tours and spend their vacation dollars in Maui. I don't believe I am the only owner considering this alternative. Please help to keep the tourism industry alive.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 2:10 PM
To: FINTestimony
Cc: evanelk@shaw.ca
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Diederick L. van Elk	Individual	Oppose	No

Comments: We are owner-operators of a registered and tax-compliant vacation rental on the magnificent island of Kauai. We have self-managed this rental since purchasing it in 1996. We have and continue to follow the rules and regulations regarding vacation rentals in Hawaii and we are proud that we provide an affordable and comfortable alternative for people enjoying a trip to the beautiful Hawaiian islands. In the time since purchasing our vacation rental we have contributed over \$50600 in TAT and GET from rental income alone. Of course we have contributed far more in GET via taxes on maintenance, repairs, upgrades, stocking and operating our vacation rental and of course there have been lean years and gaps in occupancy but we feel we have made a considerable contribution to taxes in Hawaii, and indirectly, to the other counties. We have provided income to many local Kauaians who provide valuable and excellent services to us and to our guests, in fact, we have paid the local expenses since 1996: Maintenance, cleaning, trades, etc. = \$244,000 Property taxes = \$40,000 Utilities = \$52,700 Plus many more thousands to the Hawaiian economy via Homeowner fees, automobile registration and operation, advertising, purchases of furniture, appliances, as well as via personal expenditures such as food, recreation and entertainment. As you can see there is a lot of income lost to the economy of Hawaii and Kauai if a legitimate vacation rental is put out of business because of punitive and onerous regulations. The numbers are very, very significant Frankly, we are astounded that the fine legislators of Hawaii would want to put our successful employment and tax-contributing vacation rental out of business. This bill very likely will not do anything to uncover non-compliant transient vacation rentals as they will have even more incentive to hide from even more rigorous penalties but it will certainly make legitimate owners reconsider whether to continue to vacation rent their home. The break-even point will become tipped to the negative and vacation rental will now mean losing money. Locals who depend on the income from vacation rentals will lose this valuable and reliable income. Very possibly there will be a negative effect on property values as there will be no offset to help pay the mortgage, HOA fees, property taxes, utilities, etc., making purchasing of a property in a vacation designation area far less attractive. In fact, there will be no incentive to purchase in a vacation designation area at all if it means you must pay higher property taxes for that privilege but you are unable to gain the necessary income to generate those higher taxes. In closing, we thank you for considering our comments in opposition to HB 825 Frankly, we are shocked that the fine legislators of Hawaii would want to put our successful employment and tax-contributing vacation rental out of business. Therefore, we thank you for considering our comments in opposition to HB 825

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 3:14 PM
To: FINTestimony
Cc: MauiSmiths@aol.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Dolores Smith	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:48 AM
To: FINTestimony
Cc: MauiCondo4u@aol.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Don Brattin	Individual	Oppose	No

Comments: I have rented my condo 19 years. I pay TA & GE taxes. I do things right or I would not have return guests. This bill would be a nightmare not only for owners but for the government as well. This bill wants me to have a license but NEVER mentions what the cost would be. I am NOT in favor of supporting something that is not complete. Using an Hawaiian financial institution to establish an escrow is ridiculous. It sounds good in theory but will never work because owners use the internet to work with guests one on one. The government would have to police every single guest staying in condos which is just not possible. NO, to this bill

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I, Donald L. Debiegne, wish to submit testimony to OPPOSE BILL HB825 HD1. I am an owner of a vacation rental condo on the Big Island and have been since 2011. I support efforts to ensure that owners of temporary vacation rental (TVR) condos comply fully with the requirements of Hawaii Tax Act 326 that requires those who rent their property on a short-term basis to, among other things,:

- Obtain a business license (BB-1 application)
- Collect and pass on the (GET) General Excise Tax and (TAT) Transient Accommodations Tax to the State of Hawaii
- File a Hawaii state income tax return (may be as a resident or non-resident)
- Show your Tax ID# (GET and TAT) in any advertising.

As a first time owner of such a property in 2011, I found it very easy to quickly find out what the requirements were to legally own and operate at TVR. Within a very short period of time, I had a business license, GET and TAT tax permits, and Individual Tax ID number and so on. One of the first things the State of Hawaii needs to consider is to ensure that anyone purchasing or owning real estate with the intent to operate it as a TVR, is made aware of the requirements. Effective efforts in this area will largely eliminate those non-compliant TVR's who were initially ignorant of the requirements. Prevention is more efficient than correction.

The fundamental requirements of Act 326 are necessary to ensure that compliant temporary vacation rentals are properly identified and registered with the State and further, that they are collecting and remitting the appropriate taxes. However, this will not prevent certain owners from intentionally or unintentionally renting properties out and not complying with the laws of the State. I am fully in favour of ensuring that such rental activity is efficiently identified and brought into compliance with the law. I believe that is the primary intent behind the many and various measures that have been brought forward in 2012 and presently.

However, from my review of the Bill HB825, I see measures that will create additional layers of bureaucracy that will have virtually no effect in bringing illegal temporary rentals into compliance simply because it largely duplicates data that already exists. What good does an additional licensing requirement do if TVR owners are already required to register with the State as per Act 326? The State already has virtually all of the information that the proposed licensing process in Bill HB825 requires! For compliant owners of TVR's that is.

Regarding non-compliant TVR owners, if they currently ignore the requirements of Act 326, then they would likely simply ignore (intentionally or unintentionally) the requirements to license their business or create a client trust account or any other such measure. You can be assured that all who are in compliance with Act 326, will also comply with any other bills that are enacted into law. We aren't the ones you want to pay a lot of attention to! And the State of Hawaii will have valuable human and technical resources dedicated to dutifully signing all of us up with licenses and so on while the root cause of the issue that you are trying to address, is not effectively dealt with. Why?

The 80/20 rule is an applicable principle. Implementation of this administratively onerous Bill, would require 80% of the governments resources to register and monitor the law abiding TVR owners leaving 20% of their resources to round up the rogue rentals' . Given that the apparent intent of this bill to alleviate the rogue rental issue and given the existing requirements for registration and taxation, legislation should direct perhaps 20% of government resources on monitoring the legit TVR owners and put 80% of their effort on bringing the rogue renters into compliance.

To remedy the State's problem caused by those who do not follow the law, please enact appropriate, targeted measures that will identify TVR operators who ARE NOT permitted or registered with the Department of Taxation and not filing GE and TA tax returns. Then bring them into compliance. Put your resources here. If you do this effectively (put enough new resources in place to ensure that you create additional tax revenue by bringing TVR's into compliance), the resources will be paid for many times over.

It is understood that the Department of Taxation is not in a position to enforce non-tax issues and therefore it has been suggested that other State departments (e.g. DCAA) should take accountability for such issues, which seems logical. In my experience, however, I question whether there is a proliferation of consumer issues that would warrant special measures in addition to those consumer protection measures currently in place. I am not aware of a systemic issue here.

Regarding the requirement for a client trust account, I have no evidence from my own experience or relayed to me by the many TVR owners who I know and interact with, where there has been an issue where a client trust account would have been helpful. My experience as a TVR owner indicates that there is not a systemic issue here.

That said, if HB825 proceeds with this provision in place, it is apparent that there are likely to be unanticipated issues, given the diverse base of TVR ownership and rental transactions. I understand that NAFTA issues have been raised in other evidence regarding this Bill.

It is very difficult to understand how the State of Hawaii could set up an effective, efficient monitoring system to not only ensure that client trust accounts are established but also to ensure that funds are 'unencumbered' as required by Bill HB825. In my simple situation, there are dozens of transactions each month related to funds moving into and out of accounts based on the temporary vacation rental activity. Once again, this appears to be a most inefficient way to deal with protection of consumers who may have issues with TVR transactions. Surely, once the State has a higher level of compliance with ACT 326, TVR owners are well identified and if there are consumer issues, there would be much simpler avenues for consumers to have recourse to settle disputes with TVR owners.

From my review of the testimony in these recent sessions and in 2012, including the recent letters of Testimony from The State Dept of Taxation and DCAA, it appears that the implementation of the proposed measures to create greater compliance with the law

for TVR's will be proven to be ineffective in achieving the goals of the State in this matter while expending costly resources to set up and operate these measures.

I find it particularly troubling that there appears to be a lack of dialogue with the community of TVR owners who are more than willing to provide early input in these matters, as evidenced by our testimony. Owners have key information as to exactly how the TVR process works and can provide an invaluable perspective towards implementing effective measures to resolve the rogue rental issue. The State would be well advised to seek active input from our community. The Rental By Owner Awareness Association (RBOAA) is and should be considered to represent a key group of stakeholders in this process and, hence, the State should take the time to consult in a meaningful manner with them and others.

I OPPOSE BILL HB825 HD1.

Thank you for providing the opportunity and a convenient forum to enable submission of my testimony.

Respectfully submitted,

Donald L Debiegne

Kelowna, British Columbia, Canada

March 2, 2015

From: Elen Stoops <stoopse@gmail.com>
Sent: Monday, March 02, 2015 3:59 AM
To: Rep. Sylvia Luke; FINTestimony
Cc: Kauai Dirtbuster; mike.white@mauicounty.us; donishi@co.hawaii.hi.us; kkualii@kauai.gov; robert.carroll@mauicounty.us; michael.victorino@mauicounty.us; GAD@ramau.com; Elen Stoops
Subject: Hearing Wed. March 4, 2015, FIN on HB825 SD1 - OPPOSE

Dear Chairperson Luke, Legislators and Members of the FIN Committee,

Thank you for the opportunity to provide testimony on this measure.

I own and self manage a transient accommodation in a Hotel zoned district in Maui County. I comply with legal requirements specified in Act 326.

I OPPOSE HB825. It is bad for Hawaii and unfair to legally compliant owners of TVRs.

Factors affecting Hawaii's Financial Outlook for 2015

January may seem like a long time ago. A recap of some key points of the Informational Briefings that are relevant:

- 1. Hawaii Export Growth in Tourism is impaired and in decline since 2013.** There is a continued downward pressure due to lodging capacity constraints and appreciation of the US Dollar.
- 2. There is NO New Construction Boom.**

Please consider this measure's impacts to support economic growth for the state.

2015 Hotel Legislative Focus - A New Strategy for *THEIR* Top Line Growth

The backers of this bill are the Hotel Industry. Hotels, due to their size often have advantage of tax and legal expertise to facilitate finding opportunity to improve their bottom line financial results. With assistance from their tax attorneys, hotel lobbyists seek through the introduction of various pieces of legislature, financial privileges or assistance for hotels and affiliated businesses, often in the form of subsidies or tax exemptions.

Examples include support for Hotels in selling off aging inventory to individual investors as timeshares or condotels, special exemptions and/or deductions for GE taxes paid, income tax credits for renovations and new construction, special treatment for TA tax remittance for hotel rooms converted to timeshares.

What's new this year is their moving into a previously uncharted territory, namely seeking to improve their *topline* results with legislators' aid. This measure seeks financial gain for them in manner that effectively amounts to restraint of trade for their competition.

HB825 and its companion measure SB1237 propose operational burdens for individual investor-owners, duplicate channels of licensure, duplicate channels enforcement via state and/or county enforcement agencies,

unnecessary encumbrance of financial resources and regulation that shall be found inappropriate under Hawaii State Law.

The measures are presented as a way to "level the playing field" (a verbatim comment in two of the initial testimonies), either through implicit or explicit yet unfactual assertion.

The claim is that TVR providers are operating at an advantage by not paying their taxes. This claim is implicitly created by drawing to attention the unmitigated proliferation of illegal TVRs found on Oahu. (see StarAdvertiser's 6 part series titled Rogue Rentals published late Dec. 2014)

Or, it is explicit where one finds on Hawaii Lodging and Tourism Association's website their 2015 Public Affairs Position Statement, which states:

"alternative accommodations serve the same purpose as our hotels.... the only difference is that the majority of them are most likely escaping our 9.25% Transient Accommodations Tax."

This is quite frankly shocking to find such statement to be put onto a website of a professional organization. It is not grounded in any data or study, rather it is a portrayal and an attempt to use a broad generality where none is deserved.

So, supposing that this bill's intention is to help the state recover taxes owed but not paid, and to "level the playing field" for fairness to the Hotel Industry, let us review the facts.

HB825 Bill Fails to Address the State's Largest Problem with TVRs

This bill has little chance to effect its alleged purpose which is to bring under control illegal TVRs and **will not regulate unregulated illegal rentals.**

To "level the playing field" actually means to impose cost creating burdens on legal TVRs who are tax compliant.

Legal rentals are **already regulated (per Act 326)** and are already registered with the proper County Agency. They are not underground, they have made themselves clearly identifiable, auditable and must comply with existing laws or face penalties as provided. This is NO Secret. But it's an inconvenient fact for the bill's primary supporters, who are economic beneficiaries if this measure or one like it are enacted.

Backers falsely present HB825 as the way to solve the State's massive underground TVR problem.

They use the huge Public Uproar over the lack of results to stop the underground, illegal/unpermitted and unregulated TVRs... to Set the Stage.

Next step: Presume Guilt. Guilt by Association is the method. Use Illusion to tie those guilty of NOT complying with the law to those who ARE meeting the letter of the law in every way.

Once they have accomplished this slight of hand to make all TVR owners guilty by association, exploit the Elephant in the Room ... employ the us vs. them or the Locals vs. non- Locals methodology to further deepen animosities, to provide "justification" for penalizing non-residents for being non-residents. Now..... let's introduce a bill.

It's also an inconvenient fact that HB825 fails to produce what it's advertised to do. To the backers, however, this is of small consequence as the net result will be at least some economic benefit for themselves. This shall be at a net cost to Hawaii.

This bill discourages further investment from individual investor-owners, and will serve to reduce the availability of this type of lodging option in the state from legal TVRs.

With respect to the illegal and underground TVR problem, let us all now separate ourselves from *that* problem. We can deal with that one later.

Agencies Comment that the measure is flawed. Creates Problems, Confusions and unlikely to Achieve an Effective level of Enforcement.

I am thankful to have had the opportunity to carefully review the 66 pages of testimony provided on the initial hearing for HB825. It afforded me further helpful insights into the responsibilities of Hawaii's State and County Legislative and Enforcement Bodies.

Support for this Measure

Review of comments provided by Director of Taxation in support of HB825 reveal:

- Department says it is unable to deal with the "non-tax related issues", and therefore the DCCA should be involved. Little detail or explanation is provided except mention of the responsibility to maintain a database.

This does not ensue, however, that Department of Taxation has been burdened with enforcement of non-tax related issues. The Tax Department has been tasked with maintaining a database of information that is provided to them annually by owners or condominium Associations. In an alternative light, and one supported by the prior Director of the Tax Department, the requirement that all operators post their Tax IDs on their internet advertisement (as per Act 326) is a tool for the department in conducting audits to inform the department of where compliance issues to 237D may exist.

While I appreciate and am sensitive that the Tax Department is grappling with filling vacancies and staffing inadequacies, this "non-tax related" item is not sufficient to warrant a new regulatory responsibility within the DCCA.

Reservations on this Measure

Review of comments provided by Directors and/or Officers of State and County Agencies, indicate the following reservations for HB825:

- duplicate processing requirements [proposed] are redundant, unfair, [and] serve no purpose. unclear impacts of additional licensing requirements - Honolulu DPP, RICO
- while civil fines assessed for those in blatant violation of the code should be sufficient to deter illegal use [ie illegal TVR], those illegals will in all likelihood not comply [with this new proposed law]. Unclear if proposed new regulations are an effective response to address issues relating to transient vacation rentals - Honolulu DPP, RICO

- this bill creates a requirement for a Sunrise Analysis, required by the Hawaii Regulatory Licensing and Reform Act." - RICO, DCCA

- [this bill, by] creation of two enforcement options may create confusion as to roles and responsibilities and thereby can undermine effective enforcement. - RICO

- lack of clarity on agencies' (plural) handling of fees and penalties and whether they would be applied concurrently on offenders. - RICO

Producing a REQUIRED Sunrise Analysis and the Likely Outcome

Guidelines in a Sunrise Analysis* provide that:

1. [new] regulation be undertaken only when reasonably necessary to protect consumers,
2. regulation may not be introduced to advance an occupation or reasonably restrict another , and
3. regulation must be "rational" in that its stated purpose is shown by evidence to be reasonably accomplished by the regulation.

*(per Hawaii Regulatory Licensing and Reform Act Section 26H-6)

Item 3 above requires that for new regulation to be enacted it must demonstrate evidence of likely accomplishment by new regulation.

If "evidence" were to be considered, the only related material/evidence available is a pre-2008 study performed by Dept. of Taxation and HTA. This study was referenced in the 2012 legislative session relating to bills for TVRs. It was had suggested that it provided evidence that non-residents of the state were evading making appropriate tax payments on their transient accommodations and this "evidence" was therefore a rationale for introduction of restrictions proposed exclusively for non-resident owners.

What was discovered later was that the referenced study actually said the opposite. It essentially said that there was no difference in the rate of appropriate remittance of taxes owed to the state for vacation rental owners that lived either in the State or out of the State and in fact that out of state tax payers were "generally in compliance".

Since 2012 I am not aware of any studies that have been created that point to and substantiate tax remittance problems for those who are following the outlined procedures in Act. 326.

Development of Evidence is necessary for New Regulation that meets requirements set forth in Hawaii Regulatory Licensing Reform Act

If tax remittance is important to the Counties and the States and suspected to be a problem within the population owners of TVRs, a study should be performed by an independent 3rd party with no conflict of interest or stake

in the outcome. In that certain groups are regularly proposed to be isolated and treated differently by the bills that have been proposed since 2012, it is useful that the study includes these artificial divisions, namely:

- Accommodations rented under a Property Management program
- Accommodations rented by the Owner
- Accommodations rented that are owned by someone off-island
- Accommodations rented that are owned by someone that resides on the same island
- Accommodations rented by those who have all applicable registrations and permits
- Accommodations rented by those who do not have all the applicable registrations and permits

This information will help the legislators enact meaningful laws and regulations and will potentially assist the Department of Taxation to more effectively focus its resources to improve tax collections. Any legislation that seeks to isolate one group and treat it differently and less favorably than another with no compelling evidence or need by the state to do so shall fail U.S. Federal Anti-Trust Law and will be litigated against.

Likely Outcome of a Sunrise Analysis - will reveal that SB1237 fails in each of the required metrics

1. The evidence will show that the bill does not meet the criteria of new regulation being required to protect consumers.
2. The evidence will show that the bill does not meet the criteria that new regulation shall not be introduced where it advances one occupation or restricts another.
3. The evidence will show that the bill does not meet the criteria of a new regulation where stated purpose is supported by evidence it shall be reasonably achieved.

Meanwhile, The Real Large Problem is not Effectively dealt with by this Measure and is Left Unattended to

Unfortunately the problem of illegal TVRs is in fact a real one and should not be neglected. Jurisdiction for this resides in the counties and the foundation and the first place to start is to ensure County Agencies are resourced appropriately for enforcement. If reasonable laws and enforcement activities are not in place at the counties, that needs to be corrected first.

Adding additional layers of regulations upon any county level regulations that are unenforced at best serves no purpose, and at its worst wastes taxpayer money and precious departmental resources. It is illogical and creates further complexities for the stakeholders to manage.

Illegal vacation rentals present a clear and present problem on Oahu. Problems exist, however to a much lesser degree on Maui and Kauai, as they have enacted new laws and steps to deal with the problems in recent times while Oahu has largely done nothing new for 30 years. Hawaii Island which has the least restrictive stance on what is illegal regarding vacation rentals. Many people perceive that this is primarily an Oahu problem and ask why does the State allow its Legislative system to be used in an improper manner.

A recent comment offered by a Hawaii Real Estate Commission person from Maui offered this: [my] impression is that there is no universal solution to solve the problem. The issue should be handled by each individual county to address their specific issues.

Another HiREC official noted that it seems as if Hawaii County is the only County to have embraced vacation rentals.

So I appeal to you to oppose this measure. It is not a wise use of the State's Legislative system, it represents a large risk to meet any of the 3 standards required in the Sunrise Analysis, and it will not address the problem it may be purporting to solve.

My Conclusions and Requests

1. This bill has little or no chance to affect improved recovery of taxes for the State.
2. If tax evasion directly due to permitting discrepancies and illegal TVR activity is known or suspected, give the Counties adequate resources and/or tools to the assist their responsible departments to identify which properties are illegally involved in providing transient accomodations, issue citations and enforce compliance.

Please ask what specific actions Mayor Caldwell's administration taking to address the problem on Oahu!

3. If subsidies are required to help the Hotel industry to "level the playing field", please consider more subsidies and tax breaks for them as a more direct and suitable solution. But passage of laws that harm another groups wellbeing primarily to advance the interests of another group is highly flawed and harmful to Hawaii. *It is also legally inappropriate.*
4. Tourism is essential to Hawaii's economic welfare. Hotels *and* Alternative Accommodations are essential elements in ensuring the State's continued success. Visitor preference is shown for Alternative Accommodations by it's increasing rate of use by experienced and repeat visitors. Hawaii's economic stewards need to recognize this trend and allow the market to support this important part of the overall source of tourism revenues.
5. Investment into individually owned vacation grade properties is a source of revenue for the State. This category of investors provide real estate sales revenue, provide necessary underlying strength to the Hawaii Real Estate market for investment-grade properties. The owners of this type of real estate invest additional monies for renovation, repair and upkeep to make their properties attractive for the visitors and support higher room prices . *Investor decisions are very sensitive to the regulatory conditions that exist within a municipality. Investors and shall consider the passage of this bill in a HIGHLY negative light.*

Please allow us taxpaying owners of legally compliant vacation rentals the chance to go back to doing what we do best - providing genuinely wonderful vacation lodging options for the visitors of this Great State and contributing handsomely to Hawaii's economy and the welfare of affiliated small businesses' owners and employees.

I OPPOSE HB825. Please do not pass this bill and vote NO on HB825.

Thank you for considering my comments on this measure.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:25 AM
To: FINTestimony
Cc: lgeppich@ebco.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Elisabeth Eppich	Individual	Oppose	No

Comments:

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Sent: Monday, March 02, 2015 1:37 PM
To: FINTestimony
Cc: fred.pieracci@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
frederick pieracci	Individual	Oppose	No

Comments: I have read bill HB825 and I oppose it as presented. The provisions contained in this bill favor large rental companies and hurts small compliant owners like myself who has one condo. I do pay taxes and collect GET from all guests that stay in our condo. This bill is overly complicated and will create unnecessary hardships and additional expenses for my small business and other like me. It will come to a point where many of us will sell or properties and exit Hawaii, causing a major drop in property values and the related taxes noted in the preceding paragraph. I am all for enforcement of the current statutes governing Vacation Rentals and I support measures that will stop illegal rentals in Hawaii, but I don't believe complicating and adding more requirements for small Rental Operators is the solution. I oppose bill HB825.

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finance1-Kim

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To: FINTestimony
Cc: garyk@sonic.net
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Krambs	Individual	Oppose	No

Comments:

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Sent: Monday, March 02, 2015 2:22 PM
To: FINTestimony
Cc: gandmklebs@aol.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Klebs	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:16 AM
To: FINTestimony
Cc: garyabodine@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gary A Bodine	Individual	Oppose	No

Comments: As an owner of a transient rental property in the State of Hawaii, County of Hawaii, I agree with the following statements: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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My name is Gene Phipps and I have been an owner/resident and vacation rental provider for 14 years.

The state needs to tighten the tax compliance and monitor vacation rentals more closely. Map areas where vacation rental is allowed and not in residential areas. Zoning should be at the top of the list for a permit to lease out your home for vacation rental.

HB 825 duplicates many current laws on the books.

As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii:

- We pay Transient Accommodation Tax and General Excise Tax;
- We pay property tax;
- We comply with zoning laws;
- We comply with Act 326;
- We comply with the Landlord Tenant Act;
- We contract with our housekeepers;
- We contract with our contractors;
- We contact with property managers as needed;
- We invest capital to purchase, upgrade, and maintain our properties;
- We respect and value our relationship with our guests;
- We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this,
- We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

PLEASE VOTE NO ON HB 825. THIS IS A BAD BILL AND DECISION .

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:15 AM
To: FINTestimony
Cc: georgehu@hotmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
George Hu	Individual	Oppose	No

Comments: I am an owner of several condominiums and paid tens of thousands in taxes to HI as well as employed local on-island agents, housekeepers, and maintenance personnel. I provide a top notch experience to my customers to ensure return visits. While I support the idea of ensuring a good stay for guests, our self-enforced policies are far more effective than these regulations which will only add overhead costs and increase costs to guests. Please do not add this additional regulation and burden the police. There is no way to prevent criminals from setting up scams; this will only hurt legitimate businesses. On the other hand, successful business such as ours provide top- notch customer service which is easy for anyone to verify through existing market mechanisms. Please help us to ensure excellent guest experience, and top tax dollar revenue, by not adding burdensome and unnecessary regulation that will not improve our guests experience and only add cost.

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Sent: Monday, March 02, 2015 9:43 AM
To: FINTestimony
Cc: htatsumu@yahoo.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Harvey Tatsumura	Individual	Oppose	No

Comments:

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finance1-Kim

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:26 AM
To: FINTestimony
Cc: ivar@ivarp.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ivar Pedersen	Individual	Oppose	No

Comments:

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Dear Committee Members of TOU.

Thank you for the opportunity to provide testimony on HB825.

I oppose this measure as it is currently written. I have operated my vacation rental business since 2011 and I have complied with Hawaii's laws. I can easily provide proof of my compliance of Hawaii laws. I have a GET tax license and a TAT certificate of registration. It is reasonable that I must provide proof that I have these licenses in order to do business in Hawaii. That portion of the bill I approve.

The requirement that a trust account must be set up with a bank in Hawaii is not necessary. My advertising is done with VRBO and Home Away. If I ever cheated a guest, this conduct would be reflected in the reviews and if I had unfavorable reviews, I would no longer receive future reservations. The system is self-policing.

I have an on-island contact person that can handle any maintenance issues and can be contacted 24-7 by the guest. There is no need for this person to be a real estate agent.

I am concerned the HB825 will impose an excessive burden on a small business person. I do not know how Hawaii can implement the requirements without overburdening its own employees. Because of the excessive, unnecessary and counterproductive new requirements in this bill, I must respectfully OPPOSE HB825 as it is currently written.

Mahalo for the opportunity to provide testimony.

Janet Dunlap
Maui Vista 2323, Kihei, Maui, Hawaii

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 2:34 PM
To: FINTestimony
Cc: mauiwhalens@sbcglobal.net
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jeanette Whalen	Individual	Oppose	No

Comments:

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Sent: Monday, March 02, 2015 8:50 AM
To: FINTestimony
Cc: ekoluvacationrental@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jerry Helmey	Individual	Oppose	No

Comments: Dear Hawaii State Legislature, As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. Thank you for your consideration, Jerry Helmey 10 Wailea Ekolu Place #608 Wailea, HI 96753 949-699-0123

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:59 AM
To: FINTestimony
Cc: jill_oudil@telus.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jill Oudil	Individual	Oppose	No

Comments: I oppose HB825 I have a licensed TVR in a duly zoned hotel area in West Maui and I am fully compliant with Act 326. Legal rentals are already regulated (per Act 326) and are already registered with the proper County Agency. They are not underground, they have made themselves clearly identifiable, auditable and must comply with existing laws or face penalties as provided. This is NO Secret. But it's an inconvenient fact for the bill's primary supporters, who are economic beneficiaries if this measure or one like it are enacted. The focus should be on dealing with the illegal TVRs in residential areas especially on Oahu using remedies such as zoning enforcement rather than creating byzantine legislation such as HB825. Why create more laws and rules when the current ones are not being enforced? Thanks you for allowing me to testify. Jill Oudil Konea 248, 130 Kai Malina Lahaina 96157

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Sent: Monday, March 02, 2015 8:22 AM
To: FINTestimony
Cc: jimstofer@comcast.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jim Stofer	Individual	Oppose	No

Comments: Aloha, As a long-time provider of rental properties to Hawaiian visitors and someone who pays over \$15k/year in Transient/GE Taxes, I want to voice my opposition to HB825. Here are the points I want to bring to attention: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. There is no need to over-regulate rental properties. In the digital age, if you are not providing a great value for the price, you won't be rented. It's that simple. Please oppose this legislation. Mahalo, Jim and Debbie Stofer Hali'i Kai 5F and 8C

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To: FINTestimony
Cc: donutking22@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Joel Goldman	Individual	Oppose	No

Comments: I oppose this new bill. It seems every other day or week, another bill is introduced requiring people who operate legal transient accommodations to do yet more in order to keep operating their small business. I already have a tax number and file quarterly TAT and GET. I pay higher than average property taxes since I am listed as a hotel/rental. I already am subjected to putting my Tax ID on all advertisements. I already have an on-island contact available 24x7 if any issue comes up. The list of what a legal owner already does, goes on and on to match exactly what's in this new bill. What is new in this bill that actually helps a consumer or myself in making transient accommodations require more oversight? What part of an application or "app" as you have described has anything to do with this bill? It seems all it's doing is making more work for owners AND some to be created dept in the state to oversee this new bill's requirements. We already pay enough to keep tourism running in Hawaii and it's hard enough to justify the cost. Why add more burden to those of us already in compliance?

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Sent: Monday, March 02, 2015 8:59 AM
To: FINTestimony
Cc: jladen@ekahihale.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

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

Comments: I currently rent my property in Hawaii and pay all the required taxes. I have over 200 satisfied customers with many repeat customers. This bill would increase my costs, my customers costs and Hawaii's costs with out showing a clear cost benefit for all involved.

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Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

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

Comments:

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Sent: Monday, March 02, 2015 11:34 AM
To: FINTestimony
Cc: sheehan.kathyharnett@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Sheehan	Individual	Oppose	No

Comments: We oppose HB825 with its many onerous rules and procedures, a bill that would be costly to administer and in our view is unnecessary. As owners of Maui vacation rental property for almost 4 decades, we have a business license. It is displayed in all of our advertising. We pay all GE and TA taxes monthly. We also pay property taxes, we comply with zoning and other rental laws and we take great pride in maintaining and improving our properties so that our guests return, year after year, contributing to the Hawaiian economy. Why overburden small businesses like ours that bring thousands of tourists to Hawaii - precisely because they want the special attention owner-managed properties give them? We support reasonable, transparent methods for verifying tax compliance for all owners (large and small) of transient accommodations. This bill, however, with its burdensome provisions, will only stifle a valuable tax compliant sector of the economy putting many small owners out of business while allowing the noncompliant to continue in their noncompliance. The state's efforts would be better focused on enforcing existing transient rental laws rather than creating a new level of bureaucracy that can only drive costs up and drive tourists who want the option of owner managed condos to other destinations. Kathleen & David Sheehan

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 10:00 AM
To: FINTestimony
Cc: martink004@hawaii.rr.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kenneth Martin	Individual	Oppose	No

Comments: Oppose HB825

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Testimony for HB825 – OPPOSE

Like many others, I am a non-resident owner of a condominium in Kauai. My wife and I purchased the condo in 2007 as we loved Kauai and one day dreamed of being able to spend part of our retirement there. Unfortunately, we are 15+ years from retirement, so the plan was to find a condo that would provide monthly rent to support the monthly costs of the condo. The only way we could make that happen was to manage the property ourselves through internet marketing and managing the reservations and payments at home. We employ a housekeeper and maintenance person in Kauai who ensure the condo and our guests are looked after. We have provided accommodations to over 230 families since 2007 without a complaint.

When we purchased our condo, we registered the property as a vacation rental and we diligently pay the transient accommodations taxes, excise taxes, and property taxes as they become due. As many others, we have a mortgage with a Hawaiian bank and pay over \$20,000 per year in interest payments. We also pay HOA fees of approximately \$9,000 per year which helps to provide employment to resort employees. We support local charities and businesses and "sell" the island. of Kauai to everyone we meet. We love the island as if it were our own and we take our ownership responsibility seriously

I feel that you continue to look in the wrong places. I feel like the current licensing and regulation requirements are sufficient. I don't feel that you need to add additional licensing and other requirements such as trust funds. You have the information that you need. What you don't have is the resources to enforce. You can make as many rules/regulations as you want, but if you aren't spending the money to enforce, all you are doing is making it more difficult and costly for those of us who are compliant.

I strongly OPPOSE bill HB825 for these reasons. Thank you for reviewing my concerns.

K. Page
Resides in Canada
Owner @ Pono Kai Resort
Kapaa, Kauai

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:23 AM
To: FINTestimony
Cc: kcmay16@aol.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kim Borke	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:09 AM
To: FINTestimony
Cc: k-sanderson@shaw.ca
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kim Sanderson	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:04 AM
To: FINTestimony
Cc: kaymadnani@hotmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Koshu Madnani	Individual	Oppose	No

Comments: We pay GE/TA taxes and have an on island contact. we don't need anyone managing our money or looking over our shoulder.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 11:03 AM
To: FINTestimony
Cc: lcaldwell12@live.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Larry Caldwell	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:48 AM
To: FINTestimony
Cc: baskinl@sbcglobal.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

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

Comments: As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 2:11 PM
To: FINTestimony
Cc: lcolson58@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Lloyd Olson	Individual	Oppose	No

Comments: I purchased an oceanfront condo in Kihei 2 years ago and we rent it through VRBO. We pass the transient and excise taxes directly onto our renters and are happy to collect/remit to the state monthly. I'm not sure I understand the reasons for HB825. The previous owners had it for 30 years and did not rent it out which seemed a shame to us considering how much the local economy depends on its visitors. However if the state makes it more difficult for us to rent we will simply choose not to. We don't really need the money and our property taxes would drop substantially. However, our mainly repeat renters would be very disappointed, and we'd hate to see it sit empty when we're not there. As for the state lit would mean reduced property tax collected, no excise or transient tax collected and fewer visitors. I think there may be a lot of owners who may just decide to not rent if the state proceeds with actions such as HB825.. The vast majority of us comply with the tax collection system as it is. However it is somewhat confusing and I would think actions that would simplify, educate, and encourage compliance would be more beneficial than HB825

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 11:30 AM
To: FINTestimony
Cc: marieprei@comcast.net
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Marie Preitauer	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:55 AM
To: FINTestimony
Cc: marilynhy@sbcglobal.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Marilyn Hybiske	Individual	Oppose	No

Comments: I am OPPOSED to this bill. I am a responsible owner. I pay all Transient Accommodation Tax and General Excise Tax that my rentals bring in and pay the high property taxes which apply to a property that is a vacation rental. I employ a local Rental Contact and a large cleaning company. I maintain my property to a high standard for our guests, and invest capital to purchase, upgrade, and maintain our property. I respect and value our relationship with our guests and have many returning guests. I take great pride in giving visitors to Hawaii a great experience. Our condo gets great reviews. I do not understand why we need this bill to better serve our guests. It is not needed and is just another layer of government bureaucracy. Please stop coming up with these types of measures and let us get on with giving our guests a memorable experience when they visit. Aloha, Marilyn Hybiske

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 01, 2015 7:09 PM
To: FINTestimony
Cc: marshavaughn3@att.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/1/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Marsha Vaughn	Individual	Oppose	No

Comments: Thank you for the opportunity to provide testimony. As a law abiding, tax paying owner of a single vacation rental condo in Maui, I oppose this bill and all the others like it. I support the RBOAA position on this. Mahalo Marsha Vaughn

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 01, 2015 3:54 PM
To: FINTestimony
Cc: mhubner@halehubner.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/1/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Matthew Hubner	Individual	Oppose	No

Comments: Dear honorable Chair and members of the House Finance Committee, I write to you today in opposition of HB825 HD1. I am the owner of a legal and tax-paying transient vacation rental (TVR) on the island of Hawai'i. I thoroughly agree with the State's intent to assist counties with the collection of taxes and protection of consumers/tourists; however, my review of this Bill indicates that the measures contained within it go far beyond such intent. I comply with Act 326 and ask that any new requirements fairly align with the Act. I have serious issues with the requirement in this Bill that TVR owners establish a client trust account. Many TVR websites (Flipkey, AirBnB, etc.) do not pay owners until 24 hours after the stay. Establishing a trust account in the state would be redundant, as the companies described above are already holding funds in trust. In instances where I directly receive rental funds, I have concern that such requirements would void my civil liberties in directing me to only have an account within the State of Hawaii. Additionally, I find that requirements of adding a seal and new license number to every online advertisement will be overly burdensome and will not likely result in greater compliance with the law, as I do not know if the current requirements are enforced. I do not object to an additional TVR license, if such license will be effective to assisting the Departments of Consumer Affairs and Taxation weed out bad actors and bring TVRs into compliance with existing laws; however, the intent behind such licensing and the manner in which the Director may immediately revoke such licenses is not clearly defined in this Bill. This Bill establishes enhanced investigation options for the State to utilize; however, I'm not sure if the simple requirements of of Act 326, such as placing Tax IDs on our advertisements, have been clearly enforced since it's adoption in 2012. I suggest that the State start with enforcement of the current law before implementing additional measures. In the end, I truly want to express that my primary concern in this small business I have created is the safety and happiness of my customers. I believe that the current draft of this Bill and other Bills relating to TVRs proposed this year are meant to address concerns and issues on Oahu but apply them statewide. I support any reasonable action that this State can take to receive it's taxes due and better help it's consumers/visitors. However, I do not believe this Bill is one such action. I request that this Bill be deferred, and I strongly suggest that any bills relating to TVRs in future legislative sessions be drafted with full stakeholder involvement. Mahalo for your time and allowing this testimony. Matt Hubner

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:47 AM
To: FINTestimony
Cc: akamumra@aol.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

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

Comments: I share RBOAA's opinion and OPPOSE HB825: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. Respectfully submitted, Meredith Johnson

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:26 AM
To: FINTestimony
Cc: helmsman@lava.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
mike dixon	Individual	Oppose	No

Comments: I oppose this measure. It is way too complicated and needs to be coordinated with County law. We need proper input by those effected by this measure. We want to get the Country to regulate us. We already comply with most the requirements contained within.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 2:12 PM
To: FINTestimony
Cc: blancaflor@cox.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Millard Blancaflor	Individual	Oppose	No

Comments: As before, this bill is just another re-hash of the many other previous bills submitted and sponsored by various interest groups to kill us, the little guy, property owners. We are just trying to make a small profit in our investment in Hawaii. We abide by all the laws now in the books pertaining to renting, pay all applicable taxes, maintain our property in top shape (we have too or we cannot rent it), and most importantly, we take pride in our property. This bill just adds more bureaucratic layers to be hurdled, adds more expense to us, to the point that it will not make any economic sense to keep the property. We are both retired and derive most of our livelihood from this small rental income. We love Hawaii and so do our children and now our grandchildren. We plan to keep this property and pass it on to them but this dream won't happen if you pass this insane bill. PLEASE, PLEASE DO NOT PASS THIS INSANE BILL!! Mahalo Millard and Shirley Blancaflor

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:56 AM
To: FINTestimony
Cc: montylr@hotmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Monty Richmond	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 12:43 PM
To: FINTestimony
Cc: faytoy@yahoo.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Nancie Fay	Individual	Oppose	No

Comments: As a property owner, renting property to Hawaii visitors, I, along with my fellow landlords help the Hawaiian economy in many ways. We pay GE, TAT and property taxes, we employ local residents to maintain our properties, we purchase furniture, services and supplies from local merchants, plus encourage general tourism which supports local restaurants and tour companies. In the course of a year, the state of Hawaii makes more money off my unit than I do - and this has been the case since I first bought my property in 2009. Instead of appreciating our contributions, the state senate and house continue to throw up hurdles to make our contributions more difficult. If I (and others like me) were to stop renting our units, the state would feel the pain - and major loss of revenues. Please work with us to help promote Hawaii as an affordable vacation destination by not passing yet another bill that would increase the cost of doing business, and would therefore add to the cost of our visitors.

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Neal Halstead
C312, 2531 S. Kihei Road
Kihei, HI
96753
nealhalstead@yahoo.ca

Dear Members of the Committee:

In respect of HB825:

Together with RBOAA, I have to **OPPOSE** this bill, however, there are many good ideas in this bill and so a small group of RBOAA members and advisors dedicated significant resources to develop a number of **SUGGESTED AMENDMENTS** which we believe will **SIGNIFICANTLY IMPROVE** the bill.

However, there is no need to license or regulate transient vacation rentals. This business is regulated by on-line reviews. There is need for the State to enforce its own regulations on tax collection and remittance and posting of tax registration numbers and there is a need for the counties to enforce their own zoning.

This bill is very long, very complex and very comprehensive, resulting in this testimony being long and comprehensive. We have provided an executive summary, followed by the detailed changes proposed.

1. Rather than create a new license which would be subject to the Hawaii Sunrise Analysis, we propose to utilize the existing DCCA “designation of a business in good standing”. The requirements to obtain the designation would largely be the same as provided in the bill.
2. We propose to eliminate the bank trust account. The nature of our business is such that we are not holding funds *on behalf* of other parties, therefore there is no need to keep such funds separate from our own business. Once a guest pays for the rental, the funds belong to the owner. This change makes this bill consistent with the landlord tenant code.
3. We propose that the Department of Taxation be responsible for investigating non-compliance with the tax codes and levying penalties as necessary, in accordance with the tax codes.
4. We propose that the counties be responsible for investigating non-compliance with county zoning and bylaws, and levying penalties as necessary, in accordance with the county laws
5. We propose that the circumstances under which the Director could revoke licenses be listed. We are suggesting it be limited to 3 specified violations.
6. We propose the Director be responsible for communicating the requirements of a transient vacation rental owner to all property owners.

7. We propose the Director set up an online database which can be searched to determine if a designation of a business in good standing has been issued.
8. We propose the property manager or caretaker/custodian be held liable for maintaining compliance under this section when engaged to do so by the owner.
9. We propose the definition of transient accommodation be any rental under 180 days to conform to the landlord tenant code.
10. We propose to delete the 24x7 availability requirement of the local contact
11. We propose hotels and resort clubs be liable to collect TAT on the full rental amount.
12. We have proposed a number of other administrative changes.

Our suggested amendments, in order they appear, along with the reasoning for the amendments follows:

- In the definition of Local Contact, remove “...or having a principal place of business”.
 - The Local Contact was intended to be an individual.
- In the definition of Local Contact remove “...who shall be available on a twenty four hour, seven day a week basis.”
 - There is no other business other than emergency services which is required by legislation to provide that level of customer service.
- In the definition of Transient, change the “thirty days” to “less than 180 days”
 - to be consistent with the landlord tenant code and the definition of Transient Accommodations on page 16.
- In the definition of Transient vacation rental, change the “thirty days” to “less than 180 days”
 - to be consistent with the landlord tenant code and the definition of Transient Accommodations on page 16.
- In the definitions, add the definition of Registration Number, being “Registration Number means a designation of a transient vacation rental business in good standing issued by the Director”
 - This will avoid the state auditors test to determine the appropriate level of regulation and simplify the implementation of this bill.
 - *Note: inserting the definition of license is a shortcut method solely for the purposes of this testimony to avoid identifying every time the word “license” needs to be replaced with “Registration Number” in every place it appears.*

- Clause 2 (3) – Powers and duties of the Director. Replace “any cause” with “a) failure to collect and remit GET and TAT; or b) failure to maintain compliance with county ordinances; or c) failure to maintain a Local Contact.”
 - The term “*any cause*” is very broad and therefore difficult for both the director and the transient accommodation provider to comply with.
- Clause 2 (5) Insert a new clause “Clearly communicate all of the requirements of a transient vacation rental owner or operator a) on a separate page on the DCCA website, b) in a brochure mailed to all current and new holders of a transient accommodation tax registration number, c) through the purchasing real estate salesperson, all purchasers of property in the state of Hawaii, and d) to all current owners of property in areas where there is transient vacation rental activity.”
 - We believe the director should have an education mandate as well.
- Clause 2 (6) Insert a new clause “Create an online database which will allow any person to search an address to determine if a designation of a transient vacation rental business in good standing has been issued”.
- Clause 3 (a) – Replace the current wording with “The Director will establish the designation of “transient vacation rental business in good standing”. The designation will be given when the criteria identified in Clause 3 (b) are submitted by the TVR owner along with the appropriate fees, which shall be deposited into the compliance resolution fund under section 26-9(o).”
 - This amends the clause to be consistent with the concept of not being licensed and using the business in good standing which already exists in Hawaii.
- Clause 3(b)(4) – replace this clause with “A certificate from any nongovernmental entity with authority over the property on which the transient vacation rental is located declaring the owner is in compliance with the regulations of the nongovernmental entity.”
 - In the interests of expediency and to prevent the waste of paper and digital memory space
- Clause 3 (b)(6) – Delete this requirement. Alternatively, insert the words “If the operator is a real estate licensee” at the start of the clause.
 - Real estate licensees are required to hold separate client funds from their own business funds. In the case of the owner-operator, this is not applicable as the funds are received from guests at the time the contract terms are met and therefore are not held in trust for another party.
- Clause 3 (b)(7)(C) – As returns are filed electronically, amend to read “...tax filings, or proof of filings for the previous two years ...”.
 - If the Department of Tax has the ability to issue a certificate of compliance, this would be the most preferable documentation.

- Clause 3 (b)(7)(C) – Insert the words “...except for new applications or for applicants who have operated for less than two years”.
 - Obviously, if an owner has not operated a transient vacation rental for two years, they could not have two years of tax filings.
- Clause 3(c) – Amend to read “The owner or operator...”
 - Many owners have chosen to delegate the operating responsibilities to a real estate licensee who would therefore be responsible for compliance with this legislation.
- Clause 3(c) – Further amend to include “The owner or operator of the transient vacation rental shall update the Director of any changes within 60 days”.
 - Currently this text is not included in any numbered clause.
- Clause 5(a)(2) – Remove the reference to “seal” and replace with “designation of transient vacation rental in good standing”.
 - We are unsure how one would be able to include an official seal in an on-line advertisement. Websites such as VRBO and FlipKey do not permit graphics.
- Clause 5(b) – Amend to read “The owner or operator shall...”
 - Many owners have chosen to delegate the operating responsibilities to a real estate licensee who would therefore be responsible for compliance with this legislation
- Clause 5(b)(3) – Remove “...who shall be available on a twenty four hour, seven day a week basis.”
 - There is no other business other than emergency services which is required *by legislation* to provide that level of consumer protection.
- Clause 6(a). Recommend deleting this clause entirely. Alternatively, Insert the words “If the operator is a real estate licensee” at the start of the clause.
 - Real estate licensees are required to hold separate client funds from their own business funds. In the case of the owner-operator, this is not applicable as the funds are received from guests at the time the contract terms are met and therefore are not held in trust for another party.
 - Furthermore, this would be inconsistent with the requirements of landlords under the Landlord Tenant Act who do hold funds and are not required to have trust fund accounts in a Hawaiian bank.
 - It would be helpful to understand that most owner-operators do not receive guest funds from the property manager or the Online rental service provider until the guest has checked in and therefore, there are usually no funds held in advance.

- Clause 6(b) Amend to read “The owner or operator”.
 - Many owners have delegated the operating responsibilities to a real estate licensee who would therefore be responsible for compliance with this legislation.

- Clause 6(b) - Amend to read “...copies of all bank statements, deposit slips, cancelled checks and drafts in accordance with application of Department of Tax requirements.”
 - To be consistent with Section 3 added below.

- Clause 6(b) – Amend the wording from “three business days” to “thirty business days”
 - to align with many other governmental audit notice periods and to be consistent with Section 3 added below.

 - It would be helpful to understand that most owner-operators are small business people and sole proprietors, usually with full time jobs. Three days could be impossibly onerous to comply with.

- Clause 7. Omit this section
 - it is redundant given the requirements set out elsewhere in this bill.

- Clause 8(a). Remove the phrase “...shall be exempt from Chapter 76, ...”
 - It is not reasonable for a branch of the civil service to be exempt from the Hawaii Civil Service Law.

- Clause 8(b)(c)(d). I am not a lawyer and I would defer to a lawyer, but the powers vested in the investigators seem more suited to criminal investigations than civil investigations. I would strongly urge the legislators to ensure there is due process and the rights of citizens are protected.

- Clause 8. Suggest deleting this section entirely and replacing with Section 3 as described below.

- Clause 9 – Replace all of the existing wording with “All penalties are applicable as referenced under the jurisdiction of the department of taxation. The counties shall maintain their own authority to impose penalties for non-compliance with local rules, by-laws and regulations. The Landlord Tenant Code fully contains all rules and regulations and remedies under the law for enforcement under the same.”
 - This amendment is intended to incorporate existing regulations and penalties and to prevent jurisdictional overlap between departments and levels of government.

- Section 2 (1) Amend the definition of Gross Rental by replacing “club fees” with “any and all non-discretionary fees”.
 - There are many ways to break the total rental into component parts, but for purposes of Transient Accommodation Tax, all components of the rental must be taxable.
- Section 3. Insert new section 3 to read:

“SECTION 3. Section 237D-16, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) The director of taxation shall administer and enforce this chapter. In respect of: (1) The examinations of books and records and of taxpayers and other persons, (2) Procedure and powers upon failure or refusal by a taxpayer to make a return or proper return, and (3) The general administration of this chapter, the director of taxation shall have all rights and powers conferred by chapter 237 with respect to taxes thereby or thereunder imposed; and, without restriction upon these rights and powers, sections 237-8 and 237-36 to [237-41] 237-41.5 are made applicable to and with respect to the taxes, taxpayers, tax officers, and other persons, and the matters and things affected or covered by this chapter, insofar as not inconsistent with this chapter, in the same manner, as nearly as may be, as in similar cases covered by chapter 237.

(b) The counties maintain authority and have jurisdiction to enforce their own permitting and zoning regulations”

Mahalo for your time and consideration

Neal Halstead

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:38 AM
To: FINTestimony
Cc: idivedeep@aol.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Norbert Wolszon	Individual	Oppose	No

Comments: I strongly oppose this bill and encourage all of you to do the same. There is a lot of false information behind it. Listen to the facts and oppose this bill. • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. Mahalo for your time.

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Sent: Monday, March 02, 2015 3:20 PM
To: FINTestimony
Cc: kinglau16@yahoo.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
On King Lau	Individual	Oppose	No

Comments: I am a responsible owner and do not understand why our government is trying to make it so hard on us because of a few owners. I oppose HB825. We as owners has a strong sense of pride in ownership and Aloha. We love our islands and the people who visit. Visitors help us owners obviously. But, more regulation on us does not make sense. What makes sense is getting all sides together and find out what works, instead of one side enacting legislation against the other.

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To: FINTestimony
Cc: matthai@att.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

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

Comments: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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To: FINTestimony
Cc: pualanipat@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Starkie	Individual	Oppose	No

Comments: We own two vacation rental homes and are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. We oppose HB825.

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Sent: Monday, March 02, 2015 9:45 AM
To: FINTestimony
Cc: robstewart49@gmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
R Stewart	Individual	Oppose	No

Comments:

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finance1-Kim

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:16 AM
To: FINTestimony
Cc: polyshores@hawaiiantel.net
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
richard biederman	Individual	Oppose	No

Comments:

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March 2, 2015

Nina Nychyporuk and Richard Waugh
2780 Cultus Court
Coquitlam, BC
Canada V3C 5A8

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

Re: OPPOSE House Bill 825 HD1 (HB825 HD1)

Honourable Committee Members:

Thank you for the opportunity to respond to HB825 HD1. Our names are Richard Waugh and Nina Nychyporuk. We have collected and remitted over \$45,000 in GET and TAT taxes during the time we have owned and operated a transient accommodation (TA) vacation rental property on the Big Island.

HB825 HD1 provides for the licensure of TA vacation rentals and sets forth a range of requirements and responsibilities for owners. Because of the large number of new requirements, some of which seem to present an excessive burden on a small business owner, we must respectfully **oppose** HB825 HD1. More specifically, we **oppose** HB825 HD1 because it requires the following:

- The owners of TA vacation rentals to be licensed;
- Among other requirements, the owners of TA vacation rentals to post the contact information of a local contact in the rental unit and the rental agreement or contract, together with their business license number; and
- The owners of TA vacation rentals to establish client trust accounts at a financial institution based in Hawaii.

We also **oppose** HB825 HD1 because it establishes as prohibited acts, the unlicensed operation of a TA vacation rental, and provides that any advertisement in any form of a TA vacation rental is *prima facie* evidence of the operation of a TA vacation rental.

We further **oppose** HB825 HD1 because it and other similar, recent Bills that are progressing through the current session of the legislature appear to violate the North American Free Trade Agreement (NAFTA). More specifically, HB825 HD1 will treat non-resident Canadian owners who invest in Hawaii less favourably than the most favourable treatment accorded, in like circumstances, by the state to investors who are resident in Hawaii. NAFTA Article 1102 states the following:

National Treatment

1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.
2. Each Party shall accord to investments of investors of another Party treatment no less favorable than that it accords, in like circumstances, to investments of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.
3. The treatment accorded by a Party under paragraphs 1 and 2 means, with respect to a state or province, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that state or province to investors, and to investments of investors, of the Party of which it forms a part.
4. For greater certainty, no Party may:
 - (a) impose on an investor of another Party a requirement that a minimum level of equity in an enterprise in the territory of the Party be held by its nationals, other than nominal qualifying shares for directors or incorporators of corporations; or
 - (b) require an investor of another Party, by reason of its nationality, to sell or otherwise dispose of an investment in the territory of the Party.

While we understand the intent of the HB825 HD1 is to address illegal short-term rentals and non-compliance with tax legislation, it is unclear that the Bill's licensing and enforcement provisions will resolve the issues associated with TA vacation rentals. Moreover, we believe relevant and appropriate laws already exist to enforce compliance and punish those who violate the legislation. Burdening the owners of TA vacation rentals with more agency control would not necessarily enhance the enforcement of non-compliance and it will take a long time to develop and implement an effective system to license and monitor this category of the industry.

In reference to the requirement to establish client trust accounts with a financial institution located in Hawaii, it is not a requirement of all business that operate in Hawaii to maintain a bank account that is domiciled in the state. This discriminatory requirement could well be unconstitutional.

In reference to the requirement for owners to make their books and records available for inspection, the Department of Taxation already the legislative authority to audit and inspect the books and records of such business. Duplicating of another department's authority is unnecessary.

In reference to enforcement and inspection, it is the responsibility of the counties to determine who is legally zoned for a TA rental.

We oppose the \$10,000 civil penalty for each separate offense and the revocation of any license for any cause. “Any cause” is too arbitrary and subjective and the monetary penalties are overly harsh for small infractions.

We kindly ask you not to pass HB825 HD1 and thank you for the opportunity to testify on this measure.

Sincerely,

Nina Nychporuk and Richard Waugh
Non-Resident Owner-Operators and Visitors

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 2:34 PM
To: FINTestimony
Cc: bob.m.banks@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Robert M Banks	Individual	Oppose	No

Comments: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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Sent: Monday, March 02, 2015 9:34 AM
To: FINTestimony
Cc: rmalibu@charter.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Rubin	Individual	Oppose	No

Comments: As an owner of a Hawaii Vacation rental property i feel i make some important contributions to Hawaii i Pay Transient Accommodation Tax and General Excise Tax I pay property Tax and i comply with all zoning laws I comply with the Landlord Tenant Act I employ housekeepers, contractors and property managers I invest capital to purchase, upgrade and maintain the property I feel i help Hawaii remain a globally competitive tourism destination

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Sent: Monday, March 02, 2015 8:16 AM
To: FINTestimony
Cc: c313akahi@gmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Roderick Yu	Individual	Oppose	No

Comments:

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To: FINTestimony
Cc: ppah@aol.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Roger Schrock	Individual	Oppose	No

Comments: I like to continue to be involved in making the maui experience of my renters the best it can be.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:21 AM
To: FINTestimony
Cc: satmahajan@comcast.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
sat mahajan	Individual	Comments Only	No

Comments: I OPPOSE HB 825. It will be hard to own property in Hawaii, and I donot think this bill is not appropriate as• We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We co mply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 1:08 PM
To: FINTestimony
Cc: sjackovics@aol.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Sebastyen Jackovics	Individual	Oppose	No

Comments:

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Sent: Monday, March 02, 2015 12:09 PM
To: FINTestimony
Cc: k404honuakai@gmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Sue Austin	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 12:09 PM
To: FINTestimony
Cc: susykuehner@hotmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Susy Kuehner	Individual	Oppose	No

Comments: Dear Hawaii Legislators, I Oppose HB825. First and foremost this is not the proper channel to regulate Vacation Rentals. Actually people who stay in these rentals do the job by letting everyone know on many different web sites if the unit is not up to a high standard. If they get several bad reviews they will be out of business. I benefit from these rentals indirectly, the guests bring new and interesting shops and restaurants to my neighborhood. They are providing jobs, and our area looks much nicer with the investments they have made to their properties. Above all this is an important component of tourism today and Hawaii needs to be supporting this group, not make it impossible to continue to provide this needed service. Please Oppose HB825. Sincerely, Susy Kuehner

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Sent: Monday, March 02, 2015 9:34 AM
To: FINTestimony
Cc: tell2tami@hotmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
tami	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:38 AM
To: FINTestimony
Cc: tgardiner@intergate.ca
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Terry Gardiner	Individual	Oppose	No

Comments: Dear Hawaiian Legislators. I am strongly opposed to HB825/SB1237 Comments: As a transient rental property owner, I am writing in opposition of the proposed HB825/SB1237 legislation which calls for the licensing of all transient rental properties in the state. I currently have a business license, it is displayed on all my advertising, I remit and GE and TA taxes monthly and have so for several years. These bills would create onerous and needless license application and filing requirements for tens of thousands of owners. This would then cost the state to administer a level of licensing that is entirely unnecessary. These Bills do not state how much a license will cost nor on what grounds it will be granted or denied. It is also unclear whether hotel operators would be required to obtain a license for every room. The fine of \$10,000 is also extremely excessive and exceeds most criminal penalties. It is not clear what problem these Bills are attempting to solve since today Hawaii is successfully hosting a billion dollar transient rental business operating without any such undue licensing requirement which is one of the single largest sources of tax income for the state. Attempting to overregulate this will not only be onerous to transient property owners but also be a significant burden on the Hawaiian government and its taxpayers. The State's efforts would be far better spent focusing on specific areas of enforcement of current transient rental laws rather than create an entirely new, unnecessary, and expensive layer of bureaucracy. Mahalo for the opportunity to submit testimony. Terry Gardiner 244 130 Kai Malina Lahaina HI 96761

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Sent: Monday, March 02, 2015 8:37 AM
To: FINTestimony
Cc: timduchene@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tim Duchene	Individual	Oppose	No

Comments: Dear Hawaii State Legislature, As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. Thank you for your consideration, Tim Duchene 10 Wailea Ekolu Place Wailea, HI 96753 949-699-0123

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Sent: Monday, March 02, 2015 8:11 AM
To: FINTestimony
Cc: mauihail@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tim Hailey	Individual	Oppose	No

Comments: Aloha, I have been owning and managing my 2 vacation rentals on Maui for 11 years. We have many return guests and guests that stay with us more than once a year. We have contributed tens of thousands of dollars into the Hawaiian economy. We respectfully disagree with HB825 because: We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. Mahalo Nui for your time, Tim Hailey

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Sent: Monday, March 02, 2015 8:17 AM
To: FINTestimony
Cc: hailmaui@att.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Vicky Hailey	Individual	Oppose	No

Comments: Aloha, My husband and I have been owners renting our short term vacation rentals on Maui for 11 years. We are in full compliance with the law. Many of our guests are return guests whom will only stay in our unit and they come year after year. This bill could kill that business. We respectfully Oppose HB825 for the following reasons: We pay Transient Accommodation Tax and General Excise Tax; We pay property tax; We comply with Act 326; We comply with the Landlord Tenant Act; We contract with our housekeepers; We contract with our contractors; We contact with property managers as needed; We invest capital to purchase, upgrade, and maintain our properties; We respect and value our relationship with our guests; We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. Sincerely, Vicky Hailey

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finance1-Kim

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:54 AM
To: FINTestimony
Cc: fftsunami@hotmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Wade Elliott	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:30 AM
To: FINTestimony
Cc: yvonnegilbert744@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Yvonne Gilbert	Individual	Oppose	No

Comments: As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:50 PM
To: FINTestimony
Cc: nhmahi52@yahoo.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
William M. Shepard	Individual	Oppose	No

Comments: We have owned a condo on Maui for many years and were full time residents until family situations required us to return to the mainland. We use our condo for our vacations as well as a vacation rental that we control. We are licensed by the State of Hawaii and pay GET and TAT taxes on our rentals. Because it is our property, we are a bit selective as to our rentals. We do have an on-Island contact person for emergencies. In addition to paying GET and TAT taxes, we also pay property taxes to the State of Hawaii which are higher than those paid by full time Hawaii residents living in the same complex. We hire local contractors to make any improvements or upgrades in our condo. We buy locally and encourage our visitors to Maui to do the same and contribute to the bottom line of the State tourism industry. We feel that if rental agents or agencies controlled OUR RENTALS, OUR CONDO WOULD BE USED AND ABUSED. We consider this action by the State of Hawaii to be unconstitutional as the State would dictate how and who would manage OUR condo. As owners, we respect and take care of our investment whereas rental agents only look at the dollars in their pockets associated with the rentals and the number of units they fill. We have seen much of the rental agents' attitude and the demise of personal property, We definitely OPPOSE HB825 AND HOPE THAT THIS BILL WILL FAIL.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:47 PM
To: FINTestimony
Cc: stephenstay@shaw.ca
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Stephen Taylor	Individual	Oppose	No

Comments: Dear Sir / Madam, I oppose proposed measure HB825. As an owner of two vacation properties in Kihei and frequent traveler to Maui it makes little practical sense to me to require increase state oversight and regulation. My current on-island representative performs admirably and certainly I follow all current state regulations to the letter. Forgive me for being a tad cynical but it would appear that there are other forces afoot trying to decrease the number of rental by owner units on the market. Keeping the cost of accommodation affordable allows more guests to visit Hawaii and experience the aloha that we all love. There are lots of other destinations that vie for limited tourist dollars and we certainly don't want to discourage visitors to Hawaii. Please consider reasonable, thoughtful regulations that allow vacation property owners to comply with the current regulations without making it onerous or unfair. Thank you for your time. Dr. Stephen Taylor Victoria, B.C.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 4:09 PM
To: FINTestimony
Cc: etandrt@sbcglobal.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Roger Tregear	Individual	Oppose	No

Comments: As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:17 PM
To: FINTestimony
Cc: kiheihome@shaw.ca
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Rodney K Tomlinson	Individual	Oppose	No

Comments: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. .We ensure that we are in compliance with the legislation of Hawaii concerning transient accommodation and appropriate taxes by hiring professional accountants to handle our tax returns and finances. . We are bound and determined to be good stewards of the Hawaii tourist industry if for no other reason than that we have a considerable personal financial investment in the property we rent to visitors. . We are clearly in support of the legislators' interest in the financial well being of the State of Hawaii and do not need to be overly controlled by legislation like this.

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Sent: Tuesday, March 03, 2015 3:50 AM
To: FINTestimony
Cc: vistab103@shaw.ca
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Reginald E. Smith	Individual	Comments Only	No

Comments: We oppose HB825 As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We invest in the Hawaii economy when we hire our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. It is totally unreasonable to require that vacation rental owners deposit sums into trust accounts. There is no evidence that these steps are necessary. Increasing the difficulty of operating a vacation rental property may cause property owners to sell which could once again destabilize the real estate market. We are an important contributing segment of the Hawaiian economy.

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Sent: Monday, March 02, 2015 7:30 PM
To: FINTestimony
Cc: h20minda@aol.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Hominda	Individual	Oppose	No

Comments: this will be another costly instrument for both rental owners and taxpayers the cost to operate this bill will no doubt be a burden on the state

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 6:53 PM
To: FINTestimony
Cc: paul@SunshineRainbows.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

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

Comments: Again another rule or regulation to cost vacation owners more money. I will also bet that there will be ways to deny or revoke said license base on some bureaucrats humor that day. Please leave us alone. You can check, we follow the rules, we pay our taxes that you keep jacking up. Get out of my business. This country was supposed to be the land of the free, not the land of the regulated, licensed and oppressed. Remember you make it hard on us, it gets passed along to the visitor, the visitor has less money to spend on the frivolous B.S. that visitors spend money on, hence you get less taxes. Seriously, think about what the heck you are doing.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:49 PM
To: FINTestimony
Cc: eyesk8@shaw.ca
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Lou Newbold	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 6:08 PM
To: FINTestimony
Cc: dmngcondo@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Gross	Individual	Oppose	No

Comments: Please oppose this bill!

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 6:41 PM
To: FINTestimony
Cc: hilobayhaven@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Lucy Snyder	Individual	Oppose	No

Comments: More tax dollars do not need to be spent on establishing and overseeing a transient rental licensing division. As owners we take pride in our business, our self-regulated via guests internet/social media reviews, and can be audited by the IRS for our transient and general excise tax payments. A licensing requirement is another unnecessary costly layer of bureaucracy.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 10:55 PM
To: FINTestimony
Cc: lbc@hawaiiantel.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
lois crozer	Individual	Comments Only	No

Comments: Rep Luke, Chair and Rep. Nishimoto Vice Chair My comments on HB825 HD1 In your explanation, I understand that a B&B is “a single-family dwelling occupied by an owner or a guest house let for consideration for less than thirty days”. I take this to mean the guest house is on the property of the owner and the owner is in residence on this property. You explain a Transient vacation rental to mean “a dwelling or lodging located in the State let by an owner, operator, or lessee for compensation or fees....for one hundred eighty days or less per rental.” Therefore, neither the owner nor anyone else needs to be on the premises, nor does the owner need to have anything to do with renting it. It can be run by a third party. My question is, why are these two kinds of rentals lumped together? They are as different as someone renting out a few rooms in their house where they share a kitchen as opposed to someone who has divided up a house into several separate living units and does not live on the property. If you were to separate these out, then you will have a easier time of setting rules. I understand that “Section 3 License; requirements; renewal. (a) no transient vacation rental shall operate or do business in this State unless the owner first obtains a license under this chapter” to mean that you intend to offer new licenses. I don’t understand why there needs to be a “client trust account” located in Hawaii. This doesn’t seem to have any bearing at all on anything. Section 9 Penalty is totally confusing. How do you intend to decide on who would be allowed a B&B or TVU? It would need to be fair, and a raffle is not fair. For starters, the DPP permits should be looked at to see if the building permits are in order. The tax records should be accessed to ascertain if the owner has been paying proper taxes. I do not think any TVU’s should be allowed where the owner is NOT living on the premises. There are many reasons why housing prices have escalated and will continue to escalate, and eventually every square inch of this place will have housing unless permitting rules are enforced. It is time to put in place some logical rules with enforcement capabilities that allow for owner-occupied short term rentals. If you do not agree with short term rentals, then all the “grandfathered in” rentals should be revoked. This bill needs some major reworking in order for it to be sensible. Lois Crozer Kailua

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From: Linda Mitchell <lindafinearts@gmail.com>
Sent: Monday, March 02, 2015 6:48 PM
To: FINTestimony
Subject: Oppose HB825 SD1

Hello,

I (Linda Mitchell) am grateful for the opportunity to give testimony.

My husband and I own two condos on Maui that are legal transient accommodations. We comply with legal requirements, the zoning laws, Act 326, and the Landlord Tenant Act. We pay the high scale property taxes, and we pay monthly GET and TAT.

Numerous guests over a period of 22 years have given us Five Star Ratings. We have, in fact, never had less than a Five. We are proud of our record of satisfied guests who believe we have treated them fairly and respectfully, while providing an excellent place for them to vacation in Hawaii.

We absolutely oppose HB825 SD1, and we are in agreement with RBOAA's position about this bill.

We do not need any more regulations on a legal business that is already benefitting Hawaii's economy. It seems so unfair that the hotel industry is promoting that we should have more restrictions on our business. Are we really to believe that they are concerned about Hawaii's tax situation, or should we face that they want to eliminate competition? Although there are evidently some lapses in the regulation of present laws, it doesn't make sense to simply make more laws. Please put that effort into enforcing what is already in place. Why should we suffer because present laws are not being enforced? How will more laws help the situation? Why, although it is in public record to the contrary, is it being assumed that all individual transient rentals are operating illegally?

Having to be ready for an inspection that we would have to finance and be prepared for in three days is totally unfair. This would include undetermined costs to me, including travel expenses of the inspector. Three days is not a reasonable time frame.

A trust account for my business is totally unnecessary and would create one more burden for me. I collect the rent and pay my expenses. In 22 years of doing this business, I have never had one complaint about the handling of money or the value received. A trust account would only be beneficial if there were a third party involved as an agent for the business.

Please analyze this bill and see that it will not be productive in solving problems, but rather, will cause many inequities for law abiding owners of TVR's.

Thank you.

Linda Mitchell

408-472-6506

Lindafinearts@gmail.com

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 4:22 PM
To: FINTestimony
Cc: puamanakauai@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ken Hill	Individual	Oppose	No

Comments: Thank you for the opportunity to share my thoughts related to this bill. I am a tax paying vacation rental property owner in Kauai and member of RBOAA. I agree completely with the following comments: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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FIN-Jo

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 10:00 AM
To: FINTestimony
Cc: ana@beachhousehawaii.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ana Mruray	Individual	Oppose	No

Comments:

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FIN-Jo

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 1:36 PM
To: FINTestimony
Cc: lopezj15@hotmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
jason lopez	Individual	Oppose	No

Comments:

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Sent: Tuesday, March 03, 2015 11:05 AM
To: FINTestimony
Cc: morefrosting@yahoo.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
kate dennis	Individual	Oppose	No

Comments:

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FIN-Jo

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 12:06 PM
To: FINTestimony
Cc: lisafillmore@me.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

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

Comments: I oppose this Bill!

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Sent: Tuesday, March 03, 2015 1:23 PM
To: FINTestimony
Cc: get2pat@mac.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Pat Ferraris	Individual	Oppose	No

Comments:

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Sent: Tuesday, March 03, 2015 10:07 AM
To: FINTestimony
Cc: suekeithahn@aol.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Keithahn	Individual	Oppose	No

Comments:

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Sent: Tuesday, March 03, 2015 8:04 AM
To: FINTestimony
Cc: willa@mcn.org
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

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

Comments:

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FIN-Jo

From: Elen Stoops <stoose@gmail.com>
Sent: Tuesday, March 03, 2015 11:06 AM
To: FINTestimony
Subject: OPPOSE HB825 SD1. FIN hearing March 4, 2015

Dear Members of the House Finance Committee:

Thank you for the opportunity to provide testimony on HB825 SD1

I am an owner of a legally compliant vacation rental condo in a Maui Hotel Zone. I comply with the law today per Act 326 and pay my taxes and am happy to do so. I am very unhappy to see new legislation being introduced where testimony implies that legally compliant vacation rental owners shall be treated as though they are presumed guilty.

The foundation for presenting this bill is that Oahu County has a 30 year old unattended to problem that has allowed illegal TVRs to proliferate. It is a county problem and should never have been addressed by this bill as a statewide mandate and solution.

I am shocked that the State does not wisely use it's resources and relationships to work with the County to fix their problem.

Further, due to other problems or opportunities seen, this issue is being taken advantage of by those who have other agendas that are not related to the welfare of the State, it's citizens or its investors. This bill is disguised as a way to help the state financially when in fact it will not achieve that result.

We understand that the Department of Taxation is understaffed, however this Problem is no good cause to shift their responsibility for enforcement of tax collections onto the DCCA:

Testimony from Director Zielinski in the January Informational Briefings:

"For FY15, the Department of Taxation (Department) still faces staffing challenges. With Hawaii's unemployment rate at 4.4% (as of Oct 2014) and with the loss of employees through attrition, the difficulty in recruiting and retaining personnel with unique skill sets has resulted in staffing shortages in our divisions. As of November 30, 2014, our vacancy rate is 22.9%. We continue to address this challenge and hope to make significant improvements during the coming year."

We understand that Hotels are seeking Legislators to help them "level the playing field" by introducing burdensome new rules that will affect only the TVR owners that can be identified, and these happen

to be legally compliant vacation rental owners. The illegal and underground TVR problem finds no solution in the proposed legislation.

The cavalier disregard for facts and the abuse of media outlets to publish clearly false information should be an embarrassment. We don't understand that in light of no data to support their claims, the backers of this bill resort to using the StarAdvertiser in their Sunday editorial with no writer attribution to make completely false ones suggesting that the entire population of vacation rental owners operate underground and do not pay taxes!:

"Hawaii can no longer allow a quarter of the industry to conduct business in an underground fashion without adding enough to the coffers that support it. That 25 percent comprises the home-based vacation rentals, also known as transient vacation units, or TVUs.

Their owners should pay the transient accommodation tax, or TAT, just like any other visitor-lodging operation."

The publishing and the timing of the StarAdvertiser 6 part Rogue Rentals articles, introduced at the very end of January is another example of coincidental timing of news that is meant to create illusion of a problem with all vacation rentals (illegal ones and legal ones) and garner support from casually informed readers on the source of the problem and the solution.

Your careful evaluation of the facts shall show that the bill proposed does not affect illegal TVRs, it does not recover unpaid taxes, and it greatly damages Hawaii's reputation as a fair and legal place for individual owners to invest in a vacation rental property.

Please Vote NO on this measure.

Thank you for considering my comments.

Dear Members of the Committee, the Right Honourable Stephen Harper, Prime Minister of Canada, the Honourable Ed Fast, Canadian Minister of International Trade, the Honourable Premiers of Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia, the CEO of the Canadian Chamber of Commerce, and the CEOs of the chambers of commerce of Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia:

I oppose HB825 HD1 and encourage you to do the same.

I am taking the extraordinary step of writing to you in this manner because of the continued and redoubled progress through the Hawaii legislature of bills and resolutions that in whole and in part, and *cumulatively* violate Canadians' cross-border investments in Hawaii, and because of the potential for these violations to stand and be embraced by other states. Canadians remain the largest foreign investors in U.S. real property. The provinces of Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia are home to most of the 517,000 Canadians who visited Hawaii last year, and those most likely to have made cross-border investments there.

In addition, I draw your attention to a piece published by *The Vancouver Sun* on the recent actions of Hawaii in respect of Canadians' cross-border opportunities and protections under the North American Free Trade Agreement (NAFTA):

[The Vancouver Sun — Opinion: Call Hawaii the extortionate state; Canadian investors, vacationers should give state a miss until it honours NAFTA](#)

Locally, you will find the piece in the *Hawaii Free Press* through this link:

[Hawaii Free Press — Hawaii the extortionate state — Vacation Rental Bills Violate NAFTA](#)

Indeed, HB825 HD1 is but one of myriad bills provided to Hawaii legislators this session that offends NAFTA. SB201, SB519, SB1031, SB1137, SB1246, HB803, HB968, HB198, and HB1288 do the same. Said bills, in whole or in part, and certainly cumulatively, would apply the following sanctions against Canadian cross-border investors in Hawaii: Strip legal protections from Canadian property owners that others continue to enjoy. Force Canadians to use Hawaii banks. Require Canadian owners of investment property to hand over control of same to parties chosen by the state, i.e., local realtors. Impose operational standards on Canadians that are not imposed on other investors. Elevate to Class-C, felony-level penalties for infractions by Canadians but not others. Require annual licensing requirements for Canadian property investments that are promoted as being uncertain for annual renewal. Apply special rules for Canadians' operation of investment properties that are not applied to others. Award subsidies and tax relief to local investors while excluding Canadian investors. Apply 'consumer protection' requirements to Canadian investors from which other investors are exempted.

All of these bills directly and, to be sure, *cumulatively* violate the opportunities and protections Canadians have under NAFTA.

Make no mistake, it is the cumulative intent and impact of these bills that is as pernicious an attack on NAFTA as that represented by individual bills and parts thereof that also violates Hawaii's commitments and obligations under NAFTA. That said, NAFTA anticipated such "fingers on the scale" and "lack of clean hands" by legislators and regulators in advancing singular *and multiple* laws or regulations which, individually or *collectively* undermined its commitment and purpose to end barriers to trade and investment, i.e., laws or regulations or other policy structures that were disguised efforts to limit or restrict investment and trade. As NAFTA notes at *Chapter 11 "Performance Requirements"* no party to NAFTA, i.e., Hawaii, may offer "[A] disguised restriction on international trade or investment." The blizzard of bills in the Hawaii legislature is precisely this, on their own, but especially when viewed as a *collective*. They are, quite simply, a disguised restriction on Canadians' trade with and investment in Hawaii.

In terms of context, Canadian have for years been significant investors in U.S. real property. The National Association of Realtors, in its *"2014 Profile of International Home Buying Activity"* advises that "Over the 12 months ended March 2014, Canadians purchased U.S. properties estimated at \$13.8 billion in total value, which is approximately 15 percent of total international sales. Approximately 73 percent of reported purchases by Canadian buyers were for properties in Florida, Arizona, and California. The median price of the reported properties was \$212,500 and the mean price was \$314,718. Approximately 86 percent of buyers purchased on an all-cash basis. The intended use of the property was for vacation/ residential rental in a suburban or resort area with an intended length of stay of less than six months. About half of Canadians bought single-family type houses and about a third purchased a condominium/ apartment type house."

The Hawaii situation is quite similar. Coldwell Banker reports that Canadians were the top foreign buyers of Hawaii properties in 2013, purchasing \$244.6 million worth of property. Canadians have been investing in Hawaii real estate for decades, and this cumulative Canadian cross-border investment in just this one U.S. state is in the billions.

These findings, particularly for Hawaii, are not surprising. Canadians have always been good to Hawaii, making huge short- and long-term investments in the state. The Hawaii Tourism Authority reports that for 2013, Canadians accounted for almost 10% of state visitors, and pumped \$1.1 billion into the economy. Many of the 500,000 Canadians who visited Hawaii like staying in condos, whose popularity with Canadians has been rising at the expense of their preference for staying in hotels. And as different as Canadians and Americans may be, this same Hawaii Tourism Authority report shows that in accommodation preference in Hawaii for condos over hotels, we're the same: Americans from the other 49 states, just like Canadians, are embracing accommodation choice, and increasingly choosing accommodation other than hotels when choosing to visit Hawaii.

Ahh, the emerging U.S. and international global preference for staying in condos over hotels. And there's the source of these Hawaii bills.

It will be as hard for Hawaii hoteliers as it is for any business when consumer

preferences change, and people prefer less and less the product you offer. Ask the makers of rotary-dial phones. Cassette tapes. VCRs. Fax machines. Times change; we may not like the change — ask ABC, NBC, and CBS how they feel about HBO and cable — but clever people, companies and industries learn to adapt to changing preferences. They employ innovation and embrace adaptation to find a new niche amidst the new consumer preferences. The less admirable people, the ones who aren't nimble, the dangerous companies and industries? Rather than compete and move forward, they look for ways to set back the hands of progress.

In making clear the motivation for these bills, it's important, too, to put the lie to the oft-used refuge by hoteliers, condo rental agencies, and others — including some policy makers — that the bills are required to capture tax cheats. The most credible refutation of this specious assertion is easily found in the November 25, 2014 transmittal letter to the Governor from the Hawaii Director of Taxation prefacing the Hawaii Department of Taxation's Annual Report for FY 2013/14.

In the lead paragraph, we learn that the Hawaii Department of Taxation collects 95% of all taxes administered by the state. We learn also that collection of the state's largest source of revenue — the General Excise Tax — which accounts for a whopping 44% of the state's total tax collection dropped by 2% from the year previous. Clearly, the Hawaii Department of Taxation is critically important to all in Hawaii who work for the state and rely upon on state services and supports.

And yet, despite the singular importance of the Hawaii Department of Taxation to collecting the revenues the state relies upon, it has been starved of the operating funds it needs to do this most basic of jobs: collect taxes.

As the transmittal letter advises:

"We recognized that taxpayers may fall out of compliance if they are not promptly served when they have questions about filing or paying their taxes. Our call answer rate (the percentage of incoming calls that are answered) had fallen from 80% in FY 2009 to 61% in FY 2010 and to 40% in FY 2011. We were able to improve the answer rate to 56% in FY 2012 and to 59% in FY 2013, but the answer rate fell to 42% in FY 2014. The Customer Inquiry Section still has many unfilled positions. We continue to strive to improve operations that were significantly impaired by the staffing reductions of FY 2009-2011. The 43 abolished positions and 59 frozen positions represented a 26% reduction in available staff hours and resulted in a significant backlog of work. The furloughs of 36 days also contributed to a backlog of work especially in the documents processing section where tasks are very labor intensive. We have been actively recruiting to fill positions, but the vacancy rate remains high, because many of our employees are eligible to retire and employees in lower grades seek positions with higher compensation."

Staffing reductions? Abolished positions? Furloughs? Inability to answer taxpayers questions when it's known they can fall out of compliance when they can't get their questions on tax responsibilities answered by the Department of Taxation? All this in the agency that collects all the money? What incredibly poor stewardship of what is surely any state's most critical agency: the one that collects the money.

I'll leave it to others to debate the wisdom of starving for funds the one state agency

that collects all the money. But what I will say is that while Hawaii might, for some inexplicable reason, choose to impair the agency that collects the taxes, in doing so, it loses any credibility in *isolating* supposed tax cheats in vacation rentals as a problem for the state. Pure contrivance, as the Department of Taxation transmittal letter makes clear.

So with the ‘vacation rental owners are tax cheats’ boogeyman out of the equation, all that’s left is a fairly tawdry effort by hoteliers, condo-rental agencies and the like to have Hawaii legislators pass bills they’ve provided to create a hotel-room monopoly, and nationalize control and management of Canadians’ cross-border investments in Hawaii vacation rental properties.

A better approach for policy makers might be to properly fund and staff the Department of Taxation, rather than put their hands anywhere near bills drafted by others that would see Hawaii legislators play a role in violating Canadians’ NAFTA opportunities and protections, and thieving their investments in the state along the way.

Those who have provided these bills to Hawaii legislators have caused irreparable damage through their effort to see the state award a hotel-room accommodation monopoly that would destroy the value of Canadians’ cross-border investments in Hawaii, or nationalize Canadians’ real-property investment and award its management and operation to third parties.

Many of the Canadians who have invested in Hawaii have done so through the opportunities and protections for cross-border investment the North American Free Trade Agreement (NAFTA) created when it came into force in 1994. But these Hawaii bills ignore NAFTA and Canadians’ protections under it. Indeed, HB825 HD1, like the other bills named above, and their contents, which, as the Hawaii legislature has shown, can quickly be transplanted into other bills when convenient to do so, establishes such new, onerous, and both specific and unclear requirements for cross-border investors that one is left to wonder if bill drafters were even aware of the state’s obligations under NAFTA when they advanced this and similarly festering bills to Hawaii legislators.

Part Five of NAFTA (Investment, Services, and Related Matters), at *Chapter 11* (“Investment”) sets out the behaviours each party (which, in this case, means the U.S. and Canada and their respective states and provinces) agreed to extend to each other in signing NAFTA. Hawaii is bound by the requirements of, and protections offered by, NAFTA.

While it may have been the case that among all parties to NAFTA there were, at the time of signing, laws and regulations on the books restricting trade and investment, agreeing to NAFTA meant agreement to removal of most barriers to trade and investment. Moreover, when NAFTA was created, all parties were able to identify and agree upon exceptions to NAFTA in areas of trade, commerce, and regulation where NAFTA provisions would not apply. In NAFTA, at neither Chapter 21 (“Exceptions”) or at Annexes (“Reservations”) is found any language that would exclude Hawaii from either offering or benefitting from the full protections and benefits of NAFTA.

Indeed, we turn to Representative Roy Takumi for a compelling lesson in why this is the case.

In the January/February 2015 edition of “Capitol Ideas” published by the Council of State Governments, in a piece entitled, “Trade Deals Get More Attention Due to NAFTA,” Managing Editor Mary Branham writes the following:

“The way Hawaii Rep. Roy Takumi sees it, states didn’t pay close attention to the impact free trade agreements would have on state policies in the 1990s, when Congress passed the North American Free Trade Agreement, known as NAFTA.

“They’re paying attention now. ‘As (free trade agreements) started to proliferate, legislators, including myself, became more aware of how these trade agreements went beyond international trade and encroached into what (were) matters that states and only states historically dealt with,’ Takumi said. That includes procurement, investment and service policies.

“As Congress considers additional trade agreements with South Korea, Colombia and Panama, state policymakers are taking action and making their concerns known. That includes what they perceive as lost jobs. But Takumi and others say it goes well beyond that. ‘In every (free trade agreement), there may be sections that are benefits and others that are not,’ he said. ‘Or it could be beneficial/negative to some states and not to others.’

That’s why a growing number of policymakers are questioning whether the federal government should have the power to unilaterally bind states to provisions of those agreements. In fact, a bipartisan group of lawmakers from across the country crafted a letter asking Congress to prioritize state sovereignty in any U.S. trade agreements ‘At a minimum,’ said Takumi, ‘states should have the right to decide whether or not trade agreements are in the best interest of their citizens in areas such as procurement, investment and services that have always been under the purview of states and not the federal government.’”

And these NAFTA obligations, opportunities, and protections are highly valued by Canadians, always front-of-mind. When Canada signed NAFTA, I can assure you that with a population then of 29 million people, the idea of a trade agreement with the U.S., with a population of 260 million people, was a scary prospect. If the terms were not clear, if the protections, obligations and opportunities were not clearly spelled out and understood, Canadians knew our way of life could be very much at risk: The U.S. was just so big! So in Canadian provinces and in cities, in neighbourhoods and homes, we tore that draft agreement apart, read it, questioned it, and in the end, had confidence that against the backdrop of the need to tear down barriers to cross-border trade and investment, the final agreement could be endorsed.

Accordingly, while I am grateful to Representative Takumi for his disclosure that Hawaii may well not have paid “close attention to the impact free trade agreements would have on state policies” when NAFTA was signed, signed NAFTA was, and bound by NAFTA Hawaii is. And whether understood by Hawaii legislators at the time, or no longer embraced by Hawaii legislators today, NAFTA, in many, many ways, trumps states’ rights. It has the same primacy in respect of legislative and regulatory desires of Canadian provinces. That’s how international trade agreements offer opportunity and protections for those making cross-border investments.

In its current form, HB825 HD1 fails several NAFTA tests. And further to the point

above, it would indeed appear that drafters and proponents of HB825 HD1 have taken inadequate care to ensure that legislators who introduced the bill, and those who may consider it, have been apprised of their obligations in upholding these NAFTA provisions and protections. Indeed, it appears that Hawaii legislators have been grossly misled by the bill's drafters.

In the effort to aid understanding of consideration of HB825 HD1, the NAFTA section of singular import is, as noted above, Chapter 11, which obliges Hawaii to uphold NAFTA commitments. On the strong likelihood that the bill drafters did not provide Hawaii legislators with accompanying briefing materials on the NAFTA protections and provisions Hawaii is bound to uphold, the key ones that apply to HB825 HD1 are provided at the close of my testimony, below.

In respect of the obligations of Hawaii under *Article 1106: Performance Requirements*, a read of HB825 HD1 sees it fail the NAFTA test on the most primary of grounds, i.e., that HB825 HD1 is "[A] disguised restriction on international trade or investment." One example of this is offered by the language in HB825 HD1 specifying where and how owners of transient accommodations must do their banking, i.e., requiring trust accounts and requiring their location in Hawaii banks. This type of requirement is a violation of the NAFTA prohibition against, and investor protection from, a NAFTA party, i.e., Hawaii, requiring an investor, "to purchase, use or accord a preference to goods produced in its territory, or to purchase goods from producers in its territory."

Indeed that requirement to create a trust account would create for Canadian investors in Hawaii *vacation rental properties* a standard applying to Canadians' management and operation of their properties that does not apply to others in Hawaii who rent lodging to renters. It is, therefore, little more than a capricious attempt by the bill's drafters to encumber cross-border investments of Canadians in Hawaii.

Happily, NAFTA was clear about efforts to saddle Canadians with such burdens. NAFTA *Article 1102: National Treatment* provides that each Party shall accord to investors investments of investors of another Party "treatment no less favorable than that it accords, in like circumstances, to investments of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments." Put simply, if Hawaii intends to force Canadian owners of transient accommodations to maintain a trust account for the renting out of such lodging, it will need to apply the same requirement to all in Hawaii who make available their own lodging for rent. Until that happens, per *Article 1104: Standard of Treatment* Canadians investments, and investments of Canadians, i.e., transient accommodations in this instance, are to be accorded "the better of the treatment required by Articles 1102 and 1103." To be clear: Pass this bill, with this lop-sided, trust-fund provision, and it cannot be enforced upon Canadians with cross-border investments in Hawaii transient accommodations.

Bill HB825 HD1 is an affront to NAFTA and Canadians' opportunities and protections under it in other ways, too. In respect of annual licensing of vacation rentals required by HB825 HD1, any number of unknown variables may preclude annual licensing of a transient vacation rental, significantly jeopardizing investors' investment in the United States. As NAFTA makes clear, in a lengthy section, excerpted here, "*No Party may*

condition the receipt or continued receipt of an advantage, in connection with an investment in its territory of an investor of a Party” This is a particularly applicable example when one considers, which one must, the condition placed upon the licensing HB825 HD1 purports to advance by HB198 and the like.

To reiterate, Canadians have been good to Hawaii, accounting for almost 10% of state visitors in 2013. Those 517,000 Canadians pumped \$1.1 billion into the Hawaii economy. And many of the 517,000 Canadians who visited Hawaii like staying in condos, whose popularity with Canadians choosing to visit Hawaii has been rising at the expense of their preference for staying in Hawaii hotels. And while they are making short-term investments in Hawaii’s tourism export, Canadians are making long-term investments in Hawaii, too, and in 2013, bought \$244.6 million worth of property. Canadians’ cumulative cross-border investment in Hawaii is in the billions.

I note that the Hawaii Tourism Authority reported on February 26, 2015 that it has set new, higher targets for Canadian visitors and spending. In “Despite Dip in January, More Visitors Expected in Hawaii in 2015 than 2014” *The Honolulu Star-Advertiser* referenced action by the Hawaii Tourism Authority to increase the Canadian market’s spending goal to \$1.17 billion and its arrivals goal to 562,640. It seems a curious hope that Hawaii will continue to attract Canadian visitors with anything like a year-over-year gain of 7.5 percent in arrivals and an 8.7 percent increase in spending when the state acts to eliminate an accommodation choice that close to half Canadian visitors choose — vacation rental condos — and offers myriad legislative violations of Canadians’ NAFTA opportunities and protections in the state along the way.

First, it is unlikely that those who drafted this bill believe that Canadians with property investments in Hawaii require notification that, under HB825 HD1 and other bills making their way through the legislature, their current Hawaii property investments are at risk.

Second, it is unlikely that those who drafted this bill believe that Canadians considering making property investments in Hawaii require notification that this and other bills like it, in their current forms, make future investment in Hawaii a dubious action in an unstable jurisdiction.

Third, it is unlikely that those who drafted this bill have considered if Canadians might continue to visit Hawaii if it were understood that Hawaii legislators had nationalized the real property investments in the state by Canadians by forcing them to cede control of their management and operation to others chosen by the state.

And fourth, it is unlikely that those who drafted this bill have considered that Hawaii legislators, by acceding to the wishes of hoteliers to end consumer choice in accommodation options in Hawaii, will eliminate a preferred accommodation choice favoured by Canadians, thereby making Hawaii a disadvantaged cousin to the competitive and robust U.S. and international Canadian-friendly sun destinations that offer an array of accommodation choice that Canadians seek.

As those who have drafted this bill have failed in each of the above four points, it falls to those who support competition and the consumer choice it makes available — and

the level of consumer protection that comes with choice — to warn Canadians that Hawaii is turning its back on them in favour of creating a hotel monopoly in accommodation, or in the alternative, will nationalize their property investments in Hawaii by forcing them to cede control and management of them to state-chosen interests. And that Hawaii may be encouraging, or complicit in, actions by other states to interfere with the billions of dollars of cross-border real-property investments that Canadians have made in Hawaii and the other U.S. states.

The above-noted article published in *The Vancouver Sun* and reprinted in the *Hawaii Free Press* begin this process of educating.

It is as true in Hawaii as it is anywhere in the world: The Digital Age has changed us all. It has brought opportunity, and it has brought challenge. That's the way of innovation. But so far, those in Hawaii unable or unwilling to adapt and compete in the Digital Age — hoteliers and condo rental agencies particularly — have simply turned to state legislators for an easy-button solution.

They've proposed bills that will force investors in Hawaii to cede control and management of their investment properties to state-sanctioned third parties, namely themselves.

They have proposed legislation so confusing and complex, with penalties so high for any unintentional error in compliance, and have stripped legal rights to defence for such circumstances that such bills will surely cause some operators of legal transient accommodations to vacate the marketplace in search of more reliable and stable investment climates in other states or countries, thereby creating a hotel monopoly that such bill proponents seek.

And most egregious, they are putting bills in front of Hawaii legislators who, if they accede to their content, will demonstrate that Hawaii's word as signatory to the foundations of our society — be they constitutions, trade agreements or contracts — cannot be relied upon.

It is a dismal and sad finding, but one that is inescapable nonetheless: When one considers the affront to all offered by those who drafted and advanced HB825 HD1 and the other bills like it, it is clear that not all America's enemies reside abroad. In giving these odious bills light of day, it is equally clear that Hawaii is no longer a friend of Canada and those who have made short-term investments in the state by purchasing its tourism export, and those who have made long-term investments in Hawaii by purchasing real-property there and operating legal vacation rental properties.

HB825 HD1 is certainly about licensing, but not as its drafters would have us believe. HB825 HD1 gives license to those who seek to gain by deceit, contrivance, and manipulation. It should generate your opposition for its craven and dishonourable effort to use your role as legislators to tilt the vibrant — and yes, naturally competitive and ever-evolving — Hawaii accommodation landscape into state-created monopoly.

And make no mistake, the claims by the drafters and pushers of HB825 HD1 that it will "level the playing field" are as self-serving as they are reprehensible. Unable to

compete with the emerging preferences of U.S. and international tourists (as the Hawaii Tourism Authority report makes clear), they advance monopoly and nationalization of private property as solutions for their inadequacy. Too timid to name their solutions for what they really are, they dust off the old chestnut of claiming they are trying to “level the playing field.” And in so doing, they hope that Hawaii legislators will be unable to spot the difference, and their vulpine temerity in trying to saddle said legislators with the consequences and fallout.

Bill HB825 HD1 deserves our collective scorn for the betrayal it represents of a commitment we make to constitutions, trade agreements, and the grand and noble principles upon which they are built.

It cannot go unmentioned in all this that the Hawaii Rental By Owner Awareness Association (RBOAA) was not consulted on the intent or content of this or any of the other NAFTA-violating bills placed before Hawaii legislators, despite several years of active and supportive efforts with Hawaii to ensure its legislative efforts in this area are compliant with constitutions and trade agreements. And that’s an oversight that justly imbues HB825 HD1, as it does the other bills, with a cloak of the furtive, and the smell of the desperate. And that is, indeed, a failure in open and transparent consultation, one that should make Hawaii legislators further question if those who drafted HB825 HD1 — and others like it — and are placing such bills before them are playing them for rubes; a pack of fools. Such a lack of consultation legitimizes the peril inherent in any embracement of HB825 HD1, and bills like it: That they are nothing more than special-interest-driven measures whose authors care not a whit that, in adopting them, Hawaii legislators will fall offside with the same NAFTA provisions and protections that benefit and protect Hawaii investors in NAFTA partners, and that benefit and protect NAFTA partners’ investments in Hawaii.

I hope that Hawaii legislators, in considering HB825 HD1 and the other above-named bills related to it, will continue to bring balance, clarity, and NAFTA conformity to all matters legislative, and will work to reject or amend such legislative proposals until they embrace and uphold these important standards. I hope, too, that Hawaii will warmly and openly seek and accept the input of Canadian and U.S. trade officials to ensure that this is the case. I believe that all Hawaii legislators will stand against those who smugly believe the role of Hawaii legislators is to create a hotel-room accommodation monopoly, and to facilitate state nationalization of Canadians’ real-property investment and the award of its management and operation to third parties.

Please oppose HB825 HD1 and all bills like it that so thoroughly discredit Hawaii as a tourism destination and stable location for investment. And in doing, send a message to the external drafters of such bills that while they may treat the Hawaii Legislature as the grubbiest little house on a block owned solely by them, it is, in fact, like all the great and effective legislatures and parliaments receiving this letter — a House where balance, fairness, honouring one’s word, and upholding agreements continue to be the foundations of strength, trust, and the progress and goodwill that result.

With kind regards,

Adam

NAFTA Article 1102: National Treatment

1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.
2. Each Party shall accord to investments of investors of another Party treatment no less favorable than that it accords, in like circumstances, to investments of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.
3. The treatment accorded by a Party under paragraphs 1 and 2 means, with respect to a state or province, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that state or province to investors, and to investments of investors, of the Party of which it forms a part.
4. For greater certainty, no Party may:
 - (a) impose on an investor of another Party a requirement that a minimum level of equity in an enterprise in the territory of the Party be held by its nationals, other than nominal qualifying shares for directors or incorporators of corporations; or
 - (b) require an investor of another Party, by reason of its nationality, to sell or otherwise dispose of an investment in the territory of the Party.

Article 1103: Most-Favored-Nation Treatment

1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords, in like circumstances, to investors of any other Party or of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.
2. Each Party shall accord to investments of investors of another Party treatment no less favorable than that it accords, in like circumstances, to investments of investors of any other Party or of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

Article 1104: Standard of Treatment

Each Party shall accord to investors of another Party and to investments of investors of another Party the better of the treatment required by Articles 1102 and 1103.

Article 1105: Minimum Standard of Treatment

1. Each Party shall accord to investments of investors of another Party treatment in accordance with international law, including fair and equitable treatment and full protection and security.
2. Without prejudice to paragraph 1 and notwithstanding Article 1108(7)(b), each Party shall accord to investors of another Party, and to investments of investors of another Party, non-discriminatory treatment with respect to measures it adopts or maintains relating to losses suffered by investments in its territory owing to armed conflict or civil strife.
3. Paragraph 2 does not apply to existing measures relating to subsidies or grants that would be inconsistent with Article 1102 but for Article 1108(7)(b).

Article 1106: Performance Requirements

1. No Party may impose or enforce any of the following requirements, or enforce any commitment or

undertaking, in connection with the establishment, acquisition, expansion, management, conduct or operation of an investment of an investor of a Party or of a non-Party in its territory:

- (a) to export a given level or percentage of goods or services;
- (b) to achieve a given level or percentage of domestic content;
- (c) to purchase, use or accord a preference to goods produced or services provided in its territory, or to purchase goods or services from persons in its territory;
- (d) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment;
- (e) to restrict sales of goods or services in its territory that such investment produces or provides by relating such sales in any way to the volume or value of its exports or foreign exchange earnings;
- (f) to transfer technology, a production process or other proprietary knowledge to a person in its territory, except when the requirement is imposed or the commitment or undertaking is enforced by a court, administrative tribunal or competition authority to remedy an alleged violation of competition laws or to act in a manner not inconsistent with other provisions of this Agreement; or
- (g) to act as the exclusive supplier of the goods it produces or services it provides to a specific region or world market.

2. A measure that requires an investment to use a technology to meet generally applicable health, safety or environmental requirements shall not be construed to be inconsistent with paragraph 1(f). For greater certainty, Articles 1102 and 1103 apply to the measure.

3. No Party may condition the receipt or continued receipt of an advantage, in connection with an investment in its territory of an investor of a Party or of a non-Party, on compliance with any of the following requirements:

- (a) to achieve a given level or percentage of domestic content;
- (b) to purchase, use or accord a preference to goods produced in its territory, or to purchase goods from producers in its territory;
- (c) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment; or
- (d) to restrict sales of goods or services in its territory that such investment produces or provides to the volume or value of its exports or foreign exchange earnings.

4. Nothing in paragraph 3 shall be construed to prevent a Party from conditioning the receipt or continued receipt of an advantage, in connection with an investment in its territory of an investor of a Party or of a non-Party, on compliance with a requirement to locate production, provide a service, train or employ workers, construct or expand particular facilities, or carry out research and development, in its territory.

5. Paragraphs 1 and 3 do not apply to any requirement other than the requirements set out in those paragraphs.

6. Provided that such measures are not applied in an arbitrary or unjustifiable manner, or do not constitute a disguised restriction on international trade or investment, nothing in paragraph 1(b) or (c) or 3(a) or (b) shall be construed to prevent any Party from adopting or maintaining measures, including environmental measures:

- (a) necessary to secure compliance with laws and regulations that are not inconsistent with the provisions

of this Agreement;

(b) necessary to protect human, animal or plant life or health; or

(c) necessary for the conservation of living or non-living exhaustible natural resources.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 6:54 AM
To: FINTestimony
Cc: alohamiller@ymail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Aloha Miller	Individual	Oppose	No

Comments: OPPOSE HB 825!

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, March 03, 2015 8:16 AM
To: FINTestimony
Cc: wineroth@sbcglobal.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
BARRY WINEROTH	Individual	Oppose	No

Comments: As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. THEREFORE I OPPOSE BILL HB825 BARRY WINEROTH

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

Date: Monday, March 2, 2015 **Time: 11:00 a.m.**

Place: Conference Room 308, State Capitol:

From: Bonnie B Pauli, Manager - Owner, South Maui Condos Owner Direct Rental Network <http://mauiownercondos.com>

Re: H.B. No. 825 HD1, Relating to Transient Accommodations

As a property owner, part time resident of and taxpayer in the County of Maui who also rents out my Maui home as a vacation rental when I am not on island and owns a company that actively advertises nearly 200 other legal vacation rentals on Maui, I respectfully submit my testimony against this bill.

I strongly support that Transient accommodations, specifically vacation rentals, should be regulated. But I respectfully submit they already are.

The members of our group have BB1 licenses, pay GET and TET taxes as well as high hotel/vacation rental property taxes and file Hawaii Income taxes. WE comply with zoning laws and Act 326. We are already regulated.

In addition we make some other valuable contributions to Hawaii. We employ local folk to clean our homes, repair them and outfit them with supplies purchased locally. We purchase newspapers, pay for increased levels of service for TV and Cable, use restaurants and encourage activities that support other local residents. Most of us have acquired our mortgages locally, invest capital to upgrade our homes, and obey Hawaii and Maui laws regarding vacation rentals.

Redundant regulations are not needed. They simply make more work for our hard working government agencies and confuse owners and renters alike. We need to enforce the laws currently in place and allow the individual islands to be responsible for setting up their own

The addition of police powers is not needed for regulation. If the vacation rental industry does not provide honest, caring services, renters refuse to return and use social media, reviews and more to let the public know they should stay away from a specific rental. The market place effectively regulates itself

Those of us who follow the current rules would attempt to follow new rules but this proposed law would not likely cause those who do not follow the rules now to immediately follow them. As written HB 825 HD1 complicates and confuses the regulating of these properties, it could actually discourage participation.

We love Hawaii and take great pride in the investments we make in helping Hawaii remain a globally effective tourist destination. Our efforts help insure the state can meet the demands of visitors for accommodation choices beyond those that can be provided by hotels.

I thank you for allowing my testimony.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 3:29 PM
To: FINTestimony
Cc: pullbuoy@hotmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Brad Tomlinson	Individual	Oppose	Yes

Comments: Please defeat this legislation for the following reasons: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii:

- We pay Transient Accommodation Tax and General Excise Tax;
- We pay property tax;
- We comply with zoning laws;
- We comply with Act 326;
- We comply with the Landlord Tenant Act;
- We contract with our housekeepers;
- We contract with our contractors;
- We contract with property managers as needed;
- We invest capital to purchase, upgrade, and maintain our properties;
- We respect and value our relationship with our guests;
- We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this,
- We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 7:49 AM
To: FINTestimony
Cc: carol.shearer@verizon.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Carol and Dennis Shearer	Individual	Oppose	No

Comments: We are writing in STRONG OPPOSITION to HB825/SB1237. As owners of a vacation rental property on Maui, my husband and I feel we make important contributions to a state we love, but can't yet call home. We pay TAT and GET. We pay property taxes. We comply with state law. We contract with and pay housekeepers and tradespeople who help us keep our property in first-rate condition so that it can attract guests. We invested over \$100,000 this past year to totally renovate our single one-bedroom, one-bathroom condo - most of which was money spent ON MAUI, paid to Maui contractors and vendors. In doing all this, we are helping Hawaii remain globally competitive in the increasingly sophisticated tourism industry, helping Hawaii meet the demands of visitors who seek accommodation choices other than a typical hotel room. HB825/SB1237 would make running our business ridiculously more complicated, with virtually no real benefit to either renters or the state. HB825/SB1237 seem to live in a time long gone, before the internet was invented. Let's get real. The Hawaiian vacation rental business is regulated by guests who stay with us, and who are more than capable of providing on-line reviews that can make or break our business. Mis-handle a guest's money, and that guest will let the world know, probably before they even leave the island. That's the power of the Internet. Creating another layer of bureaucracy and licensing is a huge waste of time and money - and unless the state creates an even huger army of auditors to look at every rental's financial accounts, what is accomplished? It also appears that HB 825/SB1237 are aimed at making ALL vacation rental payments reside in Hawaiian banks. Never mind that, under the Patriot Act, that would mean every owner would personally have to travel to Hawaii to open such an account or shutter their rental. And the banks would have to be prepared for the flood of tens of thousands of new accounts, and be prepared to service them electronically in a way that doesn't cause problems for processing the renters' payments - something I doubt they are currently prepared to do. Some of the legislation enacted in the past several years has had real benefit. Ensuring that every vacation rental property has a contact on-island available to the renter, establishing mechanisms to monitor tax compliance by requiring tax IDs be posted - these are good ideas. HB825/SB1237 are not.

Respectfully Carol and Dennis Shearer

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Sent: Monday, March 02, 2015 8:54 PM
To: FINTestimony
Cc: gfall@hotmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Carole Fall	Individual	Oppose	No

Comments: This bill will just make it harder to manage a condo rental in Hawaii and more difficult for Guests/Tourists to find optimal accommodations. We have been managing one or two units for more than 30 years and have followed all the rules, paid all our taxes and tried hard to please all our guests.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 3:50 PM
To: FINTestimony
Cc: cmmackin@msn.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Charles Mackin	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 7:23 AM
To: FINTestimony
Cc: chatten@easystreet.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Chatten Hayes	Individual	Oppose	No

Comments: I am a cheerfully law-abiding innkeeper of my Maui rental business -- I am glad to pay taxes that help my island home be attractive to renters, I contribute to the economy and follow the rules. PLEASE do not add more layers of bureaucracy to my job making guests happy -- which in turn helps the island and state more, since they come back again and again. Tightening the oversight is fine, keeping unlicensed properties in check and such, but please don't penalize and discourage those like me who are compliant and willing to participate in the legal process.

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Sent: Monday, March 02, 2015 10:45 PM
To: FINTestimony
Cc: worleys@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Chris Worley	Individual	Comments Only	No

Comments: This bill is obviously intended to harass vacation rental owners. Seriously, you intend to barge in on guests without notice for "inspections". What are you inspecting? The existence and proper zoning are understandable... but why barge in on guests? You wouldn't do that to a hotel owner and their guests, why do you need to have access to our property with unannounced inspections? Forcing us to use a bank in Hawaii must break federal interstate commerce laws. You can't force Amazon to only do business with Hawaii banks, how can you force others? If I receive a check from a guest, I'm seriously supposed to mail that check to a Hawaiian bank? That's ridiculous. The only conclusion I can see is that the state has decided to harass vacation rental owners and the ir guests. All I can think is the hotel lobby has you in their pocket.

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Sent: Tuesday, March 03, 2015 8:53 AM
To: FINTestimony
Cc: getinfo@pospub.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tom Stelter	Individual	Oppose	No

Comments: "NO" to Bill HB 825 Oahu county needs to fix its own issues. The State should not put unnecessary burden on the whole State.

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Dear Legislative Representatives:

I am writing in **strong opposition to House Bill 825**, a bill adding a new CHAPTER ON TRANSIENT VACATION RENTALS.

I specifically oppose this bill because:

- It takes a Statewide approach that is *over-reaching, over burdensome, and ignores* island and locally established procedures that have already addressed the issue after much hard work and compromise. (If the intention is to "fix" Oahu, then the City and County of Honolulu needs to take action to establish its own LONG OVER DUE process.) This bill penalizes other islands for handling the issue democratically.
- It establishes a highly punitive and duplicative enforcement process.
- It does not provide any clear road map *assuring* the creation of a new process *to expand* the number of authorized vacation rental units.
- It requires submission of proprietary and private banking information collected in the past which was not previously subject to disclosure under any statute.
- Sets unrealistic expectations for local contacts (e.g. available 24/7/365).
- Makes advertising an unlicensed unit a crime into itself with no guarantees that a licensing program will be fair, affordable, and will open up and expand the current number of licenses.
- Makes renting for any time less than 6 months subject to the TVU regulations in their entirety. (Currently, renting for more than 30 days is addressed differently than renting for less than 30 days.)
- Finally and perhaps most importantly: enactment of this bill is likely to INITIATE AN ECONOMIC CRISIS by shutting down an extremely strong and undervalued contribution to our economy; it is likely to register an earthquake upon the real estate market; and will severely impact lodging alternatives to the BIG HOTEL INDUSTRY an effect not likely to sit well with our visitors.

Currently many Residents offer visitors an economically affordable alternative to expensive non-Hawaiian owned resorts and hotels by renting an "Ohana" or a room in their home. These homeowners greet visitors with the true spirit of Aloha, point them to local restaurants, grocery stores, and recreational facilities and outfitters.

These visitors contribute to our local economy and PAY both GET and TAT. Homeowners use the rental income to employ local businesses to maintain their property, to clean after guests, to help to pay their mortgages, and to enjoy an improved standard of living. The government benefits, local businesses benefit, and homeowners benefit.

With passage of the proposed changes, the entire economic system described above will implode and disappear. There are no guarantees in this bill to convince those currently without permits that they will actually be able to obtain such a permit. This could eliminate a very large portion of the locations available to visitors for lodging and will eliminate a significant contribution to the incomes of many Hawaiian residents and consequently to local small businesses. Is it really the intent of this government to shut off such a large sector of our economy? Are we really that unfriendly to our citizens and our guests??

You should also be aware that many communities, especially on the windward side of Oahu, do not have ANY motels/hotels. These communities will be especially adversely impacted economically by this ill-thought out proposal: homeowner and visitor expenditures in the small businesses of these communities will plummet. Finally, I wish to point out that for many, Kamaina or absentee homeowner alike, the inability to maintain an economic TVU is the difference between being able to hold on to our homes or not. I know in my case, that if this bill passes and I was unable to obtain a permit, that I will be forced to put my home on the market and will have to move to another more small-business friendly STATE. I won't likely be the only homeowner to do this....and the resulting rush of homes on the market could have profound consequences for the Statewide housing market, and ultimately the tax base.

I cannot emphasize any too strongly my desire that you please vote in opposition to this Bill as written.

Mahalo for your reasoned vote,

Dana J Seagars
Kailua Homeowner
d_seagars@yahoo.com

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 10:33 AM
To: FINTestimony
Cc: dic9944@yahoo.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Dan Carpenter	Individual	Oppose	No

Comments: Another bill that adds complexity and doesn't solve anything. If it made uniform licensing for all islands it might help. However, each island has a different set of rules.

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Sent: Monday, March 02, 2015 5:53 PM
To: FINTestimony
Cc: konayogi@msn.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David L Towry Sr	Individual	Oppose	No

Comments: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. Please vote no on this unnecessary bill.

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Sent: Tuesday, March 03, 2015 8:09 AM
To: FINTestimony
Cc: svandiamo@wavecable.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Sylvia Remington	Individual	Oppose	No

Comments: I request that you oppose this bill. We have been property owners on the Big Island for many years and own 3 condos which we vacation rent. We have always collected and paid GE and TAT taxes to Hawaii. Of course we also pay property taxes. We contact with a cleaning company in the area to help with day to day maintenance. I travel to the island 6 times a year - to do regular maintenance and improvements to our condos. In the years we have had our condos we have used on-island contractors to completely remodel our condos and we have brought thousands of dollars every month into the State of Hawaii through bringing visitors to the state. I am active on the board of directors of our condo complex and the island is my second home. My husband and I plan to retire here. We used a management group when we first purchased. First of all they hardly ever rented our placed which are now rented 80% of the year. They aren't always available when you need them. For these and many other reasons, we have found it best to not use these services of agents. I can see why the real-estate agents and banks wish us to be more regulated by using them as it will bring revenue to them. I ask you to carefully consider this bill and how it will affect many of us in a very negative manor. • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. Please vote NO on HB 825 Mahalo, Sylvia Remington

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 10:24 AM
To: FINTestimony
Cc: GulliversMom@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Miller	Individual	Oppose	No

Comments: Enforce the laws you have -- this is just more duplication of existing laws which are not being enforced because there is not adequate funding to enforce them. Putting more layers of bandaids on an infected wound is not going to help unless you pay for the resources to address the basic problem.

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Sent: Tuesday, March 03, 2015 12:53 PM
To: FINTestimony
Cc: davidlangen@yahoo.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David Langen	Individual	Oppose	Yes

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 1:00 PM
To: FINTestimony
Cc: shannon@laniproperties.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon O'brien	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 9:44 AM
To: FINTestimony
Cc: dave@kochel.name
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David R Kochel	Individual	Oppose	No

Comments: There are numerous measures already in place that monitor and regulate vacation rental properties. To add another layer of bureaucracy is unnecessary and a waste of tax dollars. I am totally supportive of action being taken against those who are circumventing or ignoring the regulations in place. This can be done without the measures contained in HB 825. Tourism is vital to the Hawaiian economy. To make it more difficult to conduct business is counter intuitive. My wife and I own a property in the Hotel/Resort zone, we pay our TAT and GET taxes, we complete a form through our AOAO revealing our Tax ID and the sites where we advertise, Our Tax ID is listed on the sites we use for advertising, we comply with the Landlord Tenant Act, we comply with Act 326, we pay our property tax well in advance, we provide income to the local economy personally and through our guests, and we provide a cost conscious housing alternative to guests who would not be able to come to Hawaii as stay at the area hotels. I encourage the State of Hawaii to vigorously enforce existing laws and regulations, but there is no need to create additionally layers of bureaucracy. We are only now climbing out of a severe housing slump. There is no need to make owners of property question their continued investment in Hawaii and simply place their property on the market creating a surplus of properties on the market and a new housing slump.

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Sent: Monday, March 02, 2015 3:30 PM
To: FINTestimony
Cc: scrddr@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Dawn Ritz	Individual	Comments Only	No

Comments: We should have the right to hire who we want to regarding the management our property in Hawaii. Our rental agent is awesome and we want to keep her. We have an on-island contact to help us with anything we need. We don't want to be told who we have to hire to rent our property.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 3:47 PM
To: FINTestimony
Cc: Don.Couch@mauicounty.us
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Councilmember Don Couch	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 5:10 PM
To: FINTestimony
Cc: donhealy@pcmc.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Donald	Individual	Oppose	No

Comments: Dear Hawaii State Legislature We take great pride in providing a good experience for our rental guests. If we did not we would not be able to compete. We follow the rules, pay our taxes, contribute greatly to Hawaii's economy, etc. We feel we are an important part of Hawaii's growing tourism. the new rules, etc. that HB 825 would impose would make it very difficult if not impossible to continue. Please do not over regulate this business. thank you don healy

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Very much opposed to HB 825. It is an extremely onerous bill, and very cumbersome. Having to provide a trust account for a VR business is totally unnecessary and burdensome for owners---most of whom are Mom and Pop operations. At a time when more tax revenue, and visitor dollars are needed, this bill is very bad for small businesses, and to others who earn income from visitor industry accommodations. How will we pay for Hawaii infrastructure, Oahu rail system, etc???

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Leilani Cook	Individual	Oppose	No

Comments: Oppose hb 825

Aloha, I am writing this letter to you today to Oppose HB 825

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 9:02 AM
To: FINTestimony
Cc: dotlars50@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Dorothy Larsen	Individual	Oppose	No

Comments: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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From: Douglas Mitchell <mitdoug43@yahoo.com>
Sent: Monday, March 02, 2015 7:19 PM
To: FINTestimony
Subject: HB825SD1

Thank you for allowing me to give input on HB825SD1. I have two condos on Maui that I use for transient rentals. I have used one for the past 22 years and one for the past 11 years for this purpose. I pay monthly GE and TA taxes as well as higher property taxes. I have employed Maui workers for maintenance as well as complete remodels of both units. Our clients give us high marks on what we provide them and we have many return clients each year. This legislation only burdens those of us who comply with existing regulations and does nothing to go after those individuals who fail to pay taxes. Please expend your energies in the direction of bringing those not in compliance with current laws into compliance. A trust account for this type of business would do no thing other than restrict me from how I use the money that I have legitimately earned and is totally unnecessary.

I agree with the recommendations from RBOAA.

Thank you for your time.

Sincerely, Doug Mitchell

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 5:20 PM
To: FINTestimony
Cc: peaceandaloha@hotmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ellen Ernisse	Individual	Oppose	No

Comments: We are owners of Hawaii vacation rental properties (Two units at Napili Point) and do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. We live on Maui (have for almost 30 years) and manage our two units. Thank you for allowing us to testify once again to protect our rights to rent our own property as a vacation rental. Mahalo, Ellen and David Ernisse Maui HI

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"NO" to HB 825

HB 825 is completely unnecessary, burdensome and costly to the Outer Island taxpayers. As a taxpayer, I personally do not want to be included in Oahu's battles. Outer Islands have their own problems to tackle. **O'ahu needs to fix its own issues!** HB 825 puts a burden on the whole State.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 9:10 AM
To: FINTestimony
Cc: caazakhi@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Fred Larson	Individual	Oppose	No

Comments: OPPOSE HB 825! HB 825 is a bad bill that will be costly to taxpayers though out the State of Hawai'i. There will be double enforcement between the State and County, which will require more money, which will raise taxes. This is a really bad bill, with a bad outcome for the State of Hawai'i. Not only the taxpayers on O'ahu, but the Outer Islands as well.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:43 PM
To: FINTestimony
Cc: gfall98177@hotmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gordon Fall	Individual	Oppose	No

Comments: Dear Senators and Representatives: I am strongly opposed to HB825. My wife and I have been managing our Whaler condo rental for over thirty years. We have followed all the rules, paid GE and TA taxes, RE taxes, and Income taxes. We do a great deal of business in Hawaii including contracting with a cleaning service and multiple other contractors. This bill is unneeded. We as owners if we do not maintain high standards will lose rental guests. There are many ways that the internet polices the rental market better than the state or county can through advertising web sites such as VRBO, HA, and Flipkey/Trip Advisor through their renter/guest comments and recommendations. All this bill is going to do is make it more difficult to manage transient accommodation rentals and decrease the number that are available with the end result that there will be fewer options for Hawaii tourists.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:25 PM
To: FINTestimony
Cc: gallen@harbormall.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Greg Allen	Individual	Oppose	No

Comments: This is Greg Allen on Kauai. Thanks for your public service. I've been meeting with property managers, realtor associations, council members and the business community, the TVR issue is blowing up. Groups are forming, funds are being committed, counselors being sought, this is a big issue that has a very large impact. I am personally involved in a very controversial case. I know the county has been seeking additional strength from the state. It's become clear that to enforce regulation its going to have to be on local residents as well as transient owners. The planning department and counsel are now working together on an ordinance to regulate home-stays. To do this in a way that is good for neighborhoods, tourists, the county coffers and the individual owners, it will need lots of work. I think and others will confirm this. There's already damage being done. The travel sites are warning tourists in regards to coming to kauai only to discover they have no place to stay. People's livelihoods have been ruined. In some cases under absolutely erroneous violation conditions. Economically and as a business model this is damaging to the economy of Kauai. This venue of travel has become very popular and cannot be replaced by hotels. If people can't rent houses they will go to other locations. The property rights of citizens are being abused in many cases due to a lack of proper vetting of supposid voilations. The jobs of many local residents are being threatened as they are supported by this economic engine. On a constitutional basis 30 days not 180 has been ruled long term across the country. Lucky we live Kauai, many want to come, many do, but less will if we continue to make things intolerable. Please do not move forward hastily on any legislation. Thank you, Greg Allen

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 11:33 AM
To: FINTestimony
Cc: sandysimonian@me.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Sandy Simonian	Individual	Oppose	No

Comments: NO to Bill HB 825 Oahu county needs to fix its own issues. The State should not put unnecessary burden on the whole State.

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3/2/15

“NO” to Bill HB 825

Oahu county can, and needs to fix its own issues. We can make our own decisions and resolve our own problems. The State should not be putting an unnecessary burden on the whole State. Let Oahu create its own rules that work for there island.

Mahalo & Aloha,

Ralph Gray

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 8:29 AM
To: FINTestimony
Cc: pauloreilly@sbcglobal.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Paul O'Reilly	Individual	Oppose	No

Comments: Do not pass HB825! Owners of Hawaii vacation rental properties do not need to be regulated to this degree. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. Another thing to consider is the impact this law would have on the many small housekeepers who usually clean 1-10 properties. They do not have the resources to meet this law. The law will require us to hire a property management company or agency. This will put many many individual housekeepers out of business! And since the law is so onerous it is likely I will stop renting the unit so Hawaii will lose out on the transient accommodations and Federal Excise taxes generated by my renters. I believe there are many owners like me who will do the same. As an owner of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We contract with our housekeeper; • We contract with our contractors; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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March 3, 2015

Testimony in Opposition to HB 825

Dear Legislators and committee members,

Thank you for the opportunity to provide written testimony on this measure.

My husband and I own and rent out a high quality, fully licensed transient accommodation in a Hotel-condominium zoned district in Maui County and comply with legal requirements specified in Act 326. We fully pay all required GET, TAT, and real estate taxes faithfully, and perhaps more importantly, do everything within our power to ensure that our condo guests have wonderful stays in Hawaii. We rent it out ourselves, and do indeed contract with an on-island contact person who cleans our condo, supervises and arranges for its maintenance, provides all the nice "little touches" we want for our guests, and is available to our guests 24/7. We also report our on-island property manager's income to the IRS each year as well as providing that agency with a full accounting of our rental income and expenses. In these regards we are quite probably very similar to the vast majority of legal, licensed TVR owner-operators in the state. Our properties are fully legally compliant, and, most importantly, provide a much wanted housing niche for tourists wanting true "homes away from home" in the islands. In so doing, we enhance the tourist experience in Hawaii, contributing in a very positive way to Hawaii's main economic pillar, provide jobs to local individuals who manage, clean and maintain our property, support Hawaiian business through purchasing local products and services for our operations, and provide lots of tax income to the state.

As a special "thank you" to us for our efforts as TVR owner/operators in support of tourism and our other support of the Hawaiian economy, the Hawaii legislature now proposes to restrain our trade and make our businesses nonviable through the redundant, intrusive, micromanagerial and anti-competitive terms of HB825.

We OPPOSE HB825 SD1 and concur with much of the already submitted testimony in opposition. As a previous testimony on this measure has noted (and excerpts from which are shown in quotes below):

1. "This Bill Fails to Address the State's Largest Problems with TVRs" which are a) the operation of unlicensed, illegal, non-tax-paying TVRs; and b) criminal non-owners who steal advertising materials from owners and "rent" the properties they don't own to unsuspecting visitors, who are then left with no lodging after paying non-owning scammers for a place to stay.

“This bill has little chance to effect its alleged purposes, which are “to bring under control and regulate unregulated rentals”, or somehow “to level the playing field” for apparently “disadvantaged” hotels “as is stated verbatim in two separate Hotel testimonies for HB825.” (It would appear that this “disadvantage” is the presence of unwanted competition to hotels provided by TVRs as a class.)”

“Legal rentals are **already regulated (per Act 326)** and are **already registered** with the proper **County** Agencies. They are not underground; they have made themselves clearly identifiable, auditable and must comply with existing laws or face penalties” as already provided for under existing laws. This is NO Secret. But it's an inconvenient fact for the bill's primary supporters, who are economic beneficiaries if this measure or one like it are enacted”, illegally proceeding to restrict competition in Hawaii's vacation rental industry, in violation of federal antitrust legislation.

Backers falsely misrepresent HB825 and its companion bill SB1237 “as the way to solve the State's massive underground TVR problem” which is a threat to both the quality of Hawaii's tourism and also to the availability of adequate residential housing in the state.

Proponents of this bill then attempt to co-opt the existing public concern about *illegal* rentals to enact legislation restraining the trade of those engaged in *legal* rentals. In so doing, they purposely conflate law-abiding, tax-paying TVR owner operators with the fly-by-night illegal, non-tax paying black market operators, using the existence of the latter to impose restrictions upon, and restrain the commerce of the former. In other words, because there is a black market for housing in Hawaii, this law proposes to constrain, restrict, and burden with overwhelming amounts of bureaucratic micromanagement, not the black marketers, but **TVR owners who are already meeting the letter of the law in every way**. A parallel military scenario would be something like US troops invading Canada in response to an attempt by China to annex Hawaii.

Other opponents of this bill have suggested that its proponents proceed to “employ the us vs. them or the Locals vs. non- Locals methodology to further deepen animosities, which provides a rational “justification” for penalizing non-residents for being non-residents,” in order to justify HB 825. This may be the case.

Either way, we very much agree that HB825 will not solve the problem of illegal TVRs, which will likely be further pressured by this bill to “fly beneath the radar”, nor will it prevent scammers from using Craigslist and the like to defraud Maui visitors (since they don't actually own the properties they fraudulently attempt to “rent”, they are not covered by this bill!!!). To the backers of HB 825, however,” this appears to be of small consequence as the net result will be at least some economic benefit for themselves.”

2. “Agencies comment that the measure is flawed, creates problems and confusion, and is unlikely to achieve an effective level of enforcement.”

The many pages of testimony provided for the first hearing of this measure, HB825 provides helpful insights into the responsibilities of Hawaii's State and County Legislative and Enforcement Bodies.

3. Review of comments provided by Director of Taxation in Honolulu in support of HB825 reveals that:

“Department says it is unable to deal with the "non-tax related issues", and therefore the DCCA should be involved. Little detail or explanation is provided except mention of the responsibility to maintain a database.

It does not ensue that Department of Taxation has been burdened with enforcement of non-tax related issues. Local Tax Departments have been tasked with maintaining a database of information that is provided to them annually by owners or condominium Associations. This "non-tax related" item is not significant as to warrant or provide support for the proposal to a create a new regulatory responsibility within the DCCA.

4. Review of comments provided by Directors and/or Officers of State and County Agencies, showed their reservations on HB825:

- duplicate processing requirements [proposed] are redundant, unfair, [and] serve no purpose. unclear impacts of additional licensing requirements - Honolulu DPP, RICO

- while civil fines assessed for those in blatant violation of the code should be sufficient to deter illegal use [ie illegal TVR], those illegals will in all likelihood not comply [with this new proposed law]. Unclear if proposed new regulations are an effective response to address issues relating to transient vacation rentals - Honolulu DPP, RICO

- this bill creates a requirement for a Sunrise Analysis, required by the Hawaii Regulatory Licensing and Reform Act." - RICO, DCCA

- [this bill, by] creation of two enforcement options may create confusion as to roles and responsibilities and thereby can undermine effective enforcement. - RICO

- lack of clarity on agencies' (plural) handling of fees and penalties and whether they would be applied concurrently on offenders. - RICO

5. As regards producing a REQUIRED Sunrise Analysis and the likely outcome:

Guidelines in a Sunrise Analysis* provide that:

A. [new] regulation be undertaken *only when reasonably necessary to protect consumers, 2*

B. regulation *may not be introduced to advance an occupation or unreasonably restrict another* , and 3. regulation must be "rational" in that its stated *purpose is shown by evidence to be reasonably accomplished by the regulation.*

*(per Hawaii Regulatory Licensing and Reform Act Section 26H-6)

This bill is not only NOT necessary to protect consumers, it won't do so because it will not effectively add any new tools to prevent or constrain illegal, unlicensed "beneath the radar" rentals, but rather merely burdens and disadvantages already legal, licensed and compliant rentals with punitive, destructive, bureaucratic red tape . It also does not even attempt to add provisions to discourage fraudulent rentals. And indeed this measure would both advance one occupation (hotel owners and operators) and restrict another (TVR owners and operators), thus violating the sunrise terms.

* for new regulation to be enacted it must demonstrate evidence of likely accomplishment by new regulation.

As far as any "evidence" that might be considered, "the only related material/evidence available is a study that was performed which was referenced in the 2012 legislative session relating to bills for TVRs." While legislators attempted to use this "evidence" to substantiate the alleged need at that time to create special restrictions for rental real estate owners ...who were not from Hawaii... the referenced study actually said the opposite. It essentially said that there was no difference in the rate of appropriate remittance of taxes owed to the state for vacation rental owners who lived either in the State or out of the State, and in fact that out of state tax payers were "generally in compliance".

Since 2012 no new studies appear to have been done that might substantiate tax compliance/remittance problems for those who are following the outlined procedures in Act. 326.

C. Development of Evidence is necessary for New Regulation that meets requirements set forth in Hawaii Regulatory Licensing Reform Act

"If tax remittance is important to the Counties and the States and inadequate remittance is suspected to be a problem amongst the owners and operators of legal, licensed TVRs, "then a study should be performed by an independent 3rd party with no conflict of interest or stake in the outcome. In that certain

groups have been regularly proposed by backers of these bills *to be isolated and treated differently* by the TVR related measures that have been proposed since 2012, it is useful that the study *includes these artificial divisions* , namely, tax remittance activities and rates for:

Accommodations rented by an owner within a Property Management program
Accommodations rented directly to guests by the owner
Accommodations rented that are owned by someone off-island
Accommodations rented that are owned by someone that resides on the same island
Accommodations rented by those who have all applicable registrations and permits
Accommodations rented by those who do not have all the applicable registrations and permits

This information will help the legislators enact meaningful laws and regulations and will potentially assist the Department of Taxation to more effectively focus its resources to improve tax collections. *Any legislation that seeks to isolate one group and treat it differently and less favorably than another with no compelling evidence or need by the state to do so shall fail U.S. Federal Anti-Trust Law and will be litigated against.”*

3

D. Likely Outcome of a Sunrise Analysis - will reveal that HB825 SD1 fails in each of the required metrics

1. The evidence will show that the bill does not meet the criteria of new regulation being required to protect consumers.
2. The evidence will show that the bill does not meet the criteria that new regulation shall not be introduced where it advances one occupation or restricts another.
3. The evidence will show that the bill does not meet the criteria of a new regulation where stated purpose is supported by evidence it shall be reasonably achieved. “

5..Meanwhile, Illegal TVRs and Fraudulent pseudo-rentals will be largely unaffected by HB825:

“Unfortunately the problem of illegal TVRs is in fact a real one and should not be neglected. Jurisdiction for this resides in the counties, so county agencies need to have adequate resources for enforcement.”

“Illegal vacation rentals present a clear problem on Oahu. Problems exist, however to a much lesser degree, on Maui and Kauai, as they have enacted new laws and

steps to deal with the problems in recent times while Oahu has largely done nothing new for 30 years. Hawaii Island has the least restrictive stance on what is illegal regarding vacation rentals. Many people perceive and understand correctly that the illegal TVR problem is primarily an Oahu problem and ask why the State allows its Legislative system to be used in an improper manner”, to advance the agendas of special interest groups including the hotel and real estate lobbies at the expense of competing occupations.

“A recent comment offered by a Hawaii Real Estate Commission person from Maui offered

this: [my] impression is that there is no universal solution to solve the problem. The issue should be handled by each individual county to address their specific issues.

Another HiREC official noted that it seems as if Hawaii County is the only County to have embraced vacation rentals.

I concur with previous testimonies suggesting that, “if permitting discrepancies and illegal TVR activity is known or suspected, give the Counties adequate resources and/or tools to the assist their responsible departments to identify which properties are illegally involved in providing transient accomodations, issue citations and enforce compliance.”

This bill appears to be designed to force many people like ourselves, who currently utilize our second homes as vacation rentals, to cease renting them. I am sure this would delight hotel owners by reducing what they see as “competition”, but it might discourage many visitors to Hawaii, who want true “homes away from home” when they visit and require the vacation rentals provided by this niche. Such potential Hawaii visitors might instead choose to go elsewhere (Florida provides abundant and appealing rentals by owners in a warm climate).

I request and encourage you to vote against this poorly conceived, likely illegal measure, HB825.

Thank you for your time and consideration.

M. Michele Murburg MD

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 10:09 AM
To: FINTestimony
Cc: tris808@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

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

Comments: This Bill is outrageous and is very costly for taxpayers and should be deferred!

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 3:51 PM
To: FINTestimony
Cc: fernandesjsh@shaw.ca
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Howard Fernandes	Individual	Oppose	No

Comments:

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Sent: Tuesday, March 03, 2015 9:12 AM
To: FINTestimony
Cc: m.jordan@earthlink.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
M. G. Jordan	Individual	Oppose	No

Comments: Existing strict Federal and State laws already hold vacation rental owners liable for loss of clients' funds. Processing payments through a trust account in Hawaii will add unnecessary cost and significant burden to those of us owners who are already very diligent in providing a superior tourist experience for our clients. Further, the very last thing I want to have happen is for a client to post a bad internet review against me because he/she lost money. I run a clean act, and sense that this over-regulation signals a new distrust between the State and me rather than embracing and furthering our mutual alliance in the tourist industry.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 8:21 PM
To: FINTestimony
Cc: jamescasper@hotmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
James Casper	Individual	Oppose	No

Comments: This bill seems very burdensome. It would make running a business harder. Many owners of condos in Hawaii are Mom and Pop operations, not corporations, with resources available to comply with the likes of this bill. Owners of Hawaii vacation rental properties do not need to be regulated by police powers.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 10:17 AM
To: FINTestimony
Cc: jimkeithahn@aol.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

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

Comments: I oppose this bill based on the stated arguments of the RBOAA.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 3:56 PM
To: FINTestimony
Cc: jbeeg@yahoo.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jane Beeghly	Individual	Oppose	No

Comments: HB825 is an insult and injustice to rental condo/home owners. We, as much as any other business owners in Hawaii, conform to state government regulations regarding tax collecting, property tax, and all other current requirements. Heaping on more onerous requirements that will only penalize condo/home owners is not needed nor serves any purpose but to drive these owners out of the service of providing a choice of accommodations to Hawaii visitors. Please stop this bill NOW.
thank you

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 10:16 AM
To: FINTestimony
Cc: jjm11870@aol.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jason Miller	Individual	Oppose	No

Comments: There seems to be much confusion as to the definition of a TVR. There are obviously many issues with single family homes being used as vacation rentals, their licensing and management. However this bill wants to require every vacation rental, including those in resorts classified as condotels, to be licensed. We already have a tax ID, our Associations are required to report the use of our condos to the state, and the daily operations of our condos are monitored by the condo resident manager, property managers and Association. Health and safety issues are addressed on property by these agents. What possible purpose is there in requiring yet another layer of licensing for areas where there is no obvious problem?

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 10:06 AM
To: FINTestimony
Cc: Goingmaui@aol.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jim & Sue Keithahn	Individual	Oppose	No

Comments: There are already multiple laws in place to address these issues, but there is no enforcement. Provide funding to enforce the laws you have instead of putting additional burdens on the majority of vacation rental owners who are operating legally.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 9:30 PM
To: FINTestimony
Cc: joanne@harbormall.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Joanne Allen	Individual	Oppose	No

Comments: Testimony opposing HB825 HD1 Transient Vacation Rentals fill an important need in Kauai's tourism industry. Many people's first choice is to stay in a Vacation Rental and when there are no Vacation Rentals available, these people will travel to other locations and spend their money there. Kauai will miss out on these tourism dollars. Staying in a Vacation Rental home gives one a more personal, homey experience that cannot be found in a hotel or resort. Hawaii profits by having a variety of rental options beyond the usual hotels and resorts. Vacation Rentals are an asset to a neighborhood because they must be kept clean and presentable in order to attract visitors. On Kauai they reinforce the rural nature of our island by lowering the need for more hotel rooms and resorts to be built. As we see the cost of living and the costs of owning a home continue to rise, Vacation Rentals provide a way for our families to keep their properties and generate much needed income. Without the means to generate income from a property, ownership of these properties will shift to only the very wealthy who can afford them. This will decrease the economic diversity of our islands. Already we see too many families who must leave the islands in order to provide for their families. Transient Vacation Rentals do not need to be regulated or licensed by the government. In today's digital age, a poor review of a rental is immediately known to other potential renters. Vacation Rental owners hire housecleaners, landscapers, property managers, chefs, and other on-island contractors. Vacation Rental businesses are effectively self-regulated by maintaining good relationships with their guests and those who help care for the home. I am especially concerned that this bill is part of a larger movement to get rid of Vacation Rentals entirely. On Kauai new Vacation Rentals are no longer allowed in residential areas unless they are in a visitor designated area. This is a sad development for families looking for additional sources of income. Vacation Rentals have a respectable history of offering quality service, paying their taxes, and investing in Hawaii. I see no cause for any licensing to be required. This is a waste of government resources and taxpayer's money. For these reasons I oppose HB825 and ask that you do the same. Thank you, Joanne Allen

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Joe Slabe
C312, 2531 S Kihei Road
Kihei, HI
96753
joeslabe@hotmail.com

Aloha,

I am writing to OPPOSE HB 825. My partner and I own and operate a condo unit on Maui for both our personal use and as Transient Accommodation. We comply with all Hawaii laws and submit tax revenue to the state. In fact, we took an abandoned property and renovated it, improving the property value and turning it into a small business that generates income both for ourselves, and the State.

While I think the State of Hawaii should definitely be investigating and punishing individuals who are not following the current law and who are avoiding paying tax, this bill seems more designed to drive small owner/operators like us out of business.

And, while our individual businesses are small, we have a big impact on the Hawaiian economy and current law and market forces already regulate us. i.e. if we don't provide an excellent service to our customers, they will not rent from us again.

Examples of current regulations already in place to govern our business are: Taxation law, zoning law, the Landlord Tenant Act, and Act 326.

Examples of our contributions to the economic life of Hawaii are: we provide a needed service to visitors who don't wish to stay at a hotel, we pay TAT and GET taxes, we pay property tax, we hire housekeepers, we hire an on-island contact, we hire contractors, we spend money to purchase, upgrade and maintain our property and we take pride in our investments and our relationship with our customers.

Some potential unintended consequences of HB 825 and similar legislation aimed at small businesses like ours is that it will become so onerous to operate that those of us operating legally will sell our properties and get out of the business, depressing the real estate market, losing the visits of those who wish to stay in condos as opposed to hotels, and actually lowering the tax income from TVRs.

Having followed the politics of TVRs for several years now, it seems that these bills are based on the unsubstantiated allegation that there are large numbers of illegal rentals not paying their taxes and operating in contravention of zoning laws. If the government believes this to be the case (and I have yet to see any study that proves this) then why is it not using current law to go after the offenders instead of creating new and burdensome regulations for those operators who are already complying with the law?

Mahalo for your time and service to the people of Hawaii,

Joe Slabe

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 02, 2015 7:05 PM
To: FINTestimony
Cc: jjcrews@me.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/2/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
John Crews	Individual	Comments Only	No

Comments: Government over- regulation of small businesses can put our economy and american way of life at risk. Small businesses and entrepreneurship is at the heart of the American way of life. Because government has the right to strangle it with layers of red tape and and unnecessary regulation does not mean that it is the best thing for society. Families like ourselves who own and manage a vacation rental serve our critical tourist industry and create jobs for the people that furnish and care for our units. The laws that are currently on the books do a good job of regulating this industry, and are manageable for individuals like ourselves. To put on more layers of red tape and regulation can drive small family enterprises to throw up their hands in frustration. We already have good laws on the books to regulate this industry. This is an opportunity for government leaders to resist the temptation to keep piling on layers of regulation that drive out the little guy and leave only those who ignore the law or those more sophisticated organizations that are capable of dealing with unending government red tape. Please have the wisdom to know when enough is enough. Sincerely, John Crews

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I own a condo on Maui, which I rent out through online services Home Away and VRBO, when I am not using it myself. (I am not lucky enough to live in Hawaii full time, and am freezing in New Jersey as I write this.) I oppose HB825, as an unnecessary layer of state regulation. We owners of vacation rentals in Hawaii are very effectively self-regulated by our guests, both actual and prospective. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll provide negative online reviews so that others will avoid renting from us. Without rental income, I can't afford to own my condo, so that's a very strong incentive for me to keep my rental property in an excellent state of repair, cleanliness, and compliance with law. Renters make informed accommodation choices based on their experience, and based on the reviews posted by others who have rented before them. That's the power of the Internet and social media in our digital age.

As owners of Hawaii vacation rental properties, we make many important and valuable contributions to Hawaii. Speaking from personal experience, I and other owners I know do all these things:

- Pay Transient Accommodation Tax and General Excise Tax;
- Pay property tax;
- Comply with zoning laws;
- Comply with Act 326;
- Comply with the Landlord Tenant Act;
- Contract with our housekeeper;
- Contract with our contractors (just in the past eleven months since purchasing my condo, I have paid a small fortune for work by local HVAC contractor, plumber, window and screen repairman, pest control, appliance repairmen, and flooring installers);
- Contract with our property manager;
- Invest capital to purchase, upgrade, and maintain our properties;
- Pay our AOA fees and support our local communities;
- Respect and value our relationship with our guests, taking great pride in the investment we make in our properties so that they meet and exceed guests' expectations;

and, through all of this,

- We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

Passage of this proposed licensing requirement just adds a layer of bureaucracy that will not serve to accomplish anything that the rental market doesn't already accomplish.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 5:40 AM
To: FINTestimony
Cc: julie.zweber@cox.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Julie Zweber	Individual	Oppose	No

Comments: Owners of Hawaii vacation rental properties do not need to be regulated by police powers. We are effectively self-regulated by guests who have stayed with us, and who might stay with us. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. As owners of Hawaii vacation rental properties, we make some important and valuable contributions to Hawaii: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We contract with our housekeepers; • We contract with our contractors; • We contract with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels.

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Sent: Tuesday, March 03, 2015 7:28 AM
To: FINTestimony
Cc: kjauman@gmail.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen McDermott Jauman	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 8:55 AM
To: FINTestimony
Cc: marilyn7b@yahoo.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Marilyn Brown	Individual	Oppose	No

Comments: I Oppose B825 as an unnecessary and onerous Bill. We are in compliance with all current state regulations and laws. This Bill is flawed and would create an unnecessary burden on both the proposed governing agency and to the property owners. Respectfully Submitted

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 5:21 AM
To: FINTestimony
Cc: kkraskowsky@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen K. Raskowsky	Individual	Oppose	No

Comments: NO ON BILL HB825 • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We employ with our housekeepers; • We employ with our contractors; • We contact with property managers as needed; • We invest capital to purchase, upgrade, and maintain our properties; • We respect and value our relationship with our guests; • We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, • Hawaii needs to remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. Otherwise tourists will find other places to vacation and spend their money. Which can cause a decline in revenue for the state. Our state relies on the tourists to keep our economy strong and keep businesses open and people employed.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 10:22 AM
To: FINTestimony
Cc: dhcondos@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Ochsenbein	Individual	Oppose	No

Comments: The reasons are many and varied for opposing this bill. This bill would cost the tax payers millions in lost revenue and create a management nightmare. Enforcing the law would be difficult. The state does not need to regulate other islands. Hawaii would be set back years in the tourist industry.

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Council Members

Honolulu, HI

PERSONAL

Dear Council Members,

We are requesting you VOTE NO on the New Proposed Bill HB-825 HD1 to close non-permitted B&Bs and TVUs!

We do not want to repeat a down turn of the economy like Maui suffered when their past Mayor executed the same kind of bill. We already pay: TAT tax, as well as General Excise Tax, Income Tax and Property Tax. We comply with Landlord Tenant Act, Zoning Laws, contract housekeepers, contractors, landscapers, pool maintenance people, have a property manager and have made agreements with and respect all Neighbors and comply with the neighborhood noise and parking rules. We go to great lengths to value the beautiful Hawaiian Islands, our neighbors and all of our guests.

We are requesting Reasonable rules with current permits! Permits given to those that meet the requirement, not just to those licensed prior to 1989.

1989 legislation was straightforward and 2015 legislation should not be either. It worked back then, it can work now. Don't restrict it to exclude everyone who is trying to keep his/her homes and who did not have a permit prior to December 1989. Excessive rules and limitations do not work! If people are given a permit (after meeting requirements), they would risk losing their permit, as well as the resulting fines should they not be compliant. Tax IDs with applications will put to rest those who are of the opinion we do not pay our taxes. Those with NUCs have a history of not wanting to lose their certificates.

With permits and simple laws, this could be a win/win for all. According to the Hawaii Tourism Authority (Honolulu Star-Advertiser) there are over 22,000 Vacation Rentals on Oahu. If they average income of \$1000/month, this amounts to tax revenue of \$2,860,000 per month and \$34,320,00 per year! That is just the TAT and GET tax but does not include all the other money that they contribute by hiring local gardeners, house cleaners, etc.

We help Hawaii to remain a globally competitive tourism destination by ensuring that the state meets the demands of visitors for accommodation choices beyond those offered by hotels and we would like to do so legally and with Reason.

We are requesting you VOTE NO on the Proposed Bill HB-825 HD1 to close non-permitted B&Bs and TVUs!

Mahalo,

Katie & Einar Nyborg
Haleiwa

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 10:17 AM
To: FINTestimony
Cc: captken@hawaii.rr.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ken Middleton	Individual	Oppose	No

Comments: Please vote NO to HB 825. Oahu county needs to fix its own issues. We do not need double enforcement nor more bureaucrats meddling and burdening further small business operations across the state. The State also should also not put this unnecessary burden on the Neighbor Islands.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 8:59 AM
To: FINTestimony
Cc: kevinbrown9999@yahoo.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
KEVIN BROWN	Individual	Oppose	No

Comments: I stongly oppose HB825 as an unnecessary and onerous Bill. We are in compliance with all current state regulations and laws. This Bill is flawed and would create an unnecessary burden on both the proposed governing agency and to the property owners. Respectfully Submitted

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FIN-Jo

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Sent: Tuesday, March 03, 2015 2:40 PM
To: FINTestimony
Cc: barthwise@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Shane Morris Wise	Individual	Oppose	No

Comments: Hawaii needs a strong alternative lodging industry to the Hotel Chains. visitors to Hawaii who stay are non-conforming vacation rentals get one on one interaction with hosts and a more personal island experience. I do understand that there are some "fly by night" businesses providing lodging, but a blanket measure to end non-conforming units is not a good solution and would negatively impact repeat Bed and Breakfast type lodgers looking for a more intimate and personal stay while visiting Hawaii.

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Sent: Tuesday, March 03, 2015 2:56 PM
To: FINTestimony
Cc: jjcrews1@msn.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Janet Crews	Individual	Oppose	No

Comments: As owners of a Hawaii vacation rental property, which is also our own home half the year, we feel we make important and valuable contributions to Hawaii, such as: • We pay Transient Accommodation Tax and General Excise Tax; • We pay property tax; • We comply with zoning laws; • We comply with Act 326; • We comply with the Landlord Tenant Act; • We invested capital in Hawaii to purchase our property, upgrade it, and to maintain it. • We take great pride in the investment we make in our property so that they meet and exceed guests' expectations; and, through all of this, • We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. I feel we are the just the same as a small business owner and as such should not be regulated in the manner that this bill proposes. I work for a small business in Hawaii and if that owner were required to follow the requirements of this bill, he would be opposing this bill also. We are proud of the fact that we want to do things right, we have our business license, we pay our TAT and GET faithfully. We claim the hotel tax rate on our property, which is the right thing to do even though we get to live there half the year. I keep separate records and accounts for or rental, not mixing it with our personal accounts. Please, please do not add more regulation or requirements upon our small business; let us continue to do the responsible job that most of us take pride in doing . Thank you. Janet Crews

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 2:58 PM
To: FINTestimony
Cc: lpburke5@comcast.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
L. Burke	Individual	Comments Only	No

Comments: Dear Legislators, Thank you for the opportunity to provide testimony on HB825. I own and am sole proprietor of a vacation rental in Maui County. I report my rents and dutifully pay my Ge and Ta taxes. Your proposed HB825 does nothing to identify and force our island vacation rental criminals to pay their proper taxes. Instead, it places added burdens on the righteous vacation rental owners in the form of trust accounts and the expense of paying the cost of county or state inspections. Vacation rentals, as our tenants rent for the short term, require a lot of personal time and energy. We cater to families in a quiet environment, and do our best to try to pay for our fees and taxes, yet give these tenants our lowest and best price. Of course, we can pass these added expenses proposed on to our renters. However, does Hawaii want to provide a reasonable cost to the tourist that provides the major source of income to these lovely islands, or to continue to cause us vacation rental owners to pass on fees created by this series of onerous and ineffective bills, as the legislature wrings their hands and continues to agonize over and fumble about lost revenues from criminals that surreptitiously rent out their domicile and do not pay their transient taxes. L. Burke 250 Hauoli Street Wailuku, Maui, HI

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finance1-Kim

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 3:03 PM
To: FINTestimony
Cc: sailorsaml@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Samuel Levitz	Individual	Oppose	No

Comments: We strongly oppose HB 825 as it currently is written. Mahalo

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Sent: Tuesday, March 03, 2015 3:45 PM
To: FINTestimony
Cc: roblarranch@sbcglobal.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Michele	Individual	Oppose	No

Comments: You are penalizing the very people of Hawaii. How dare you. People have a choice and you are affecting the livelihood, maintenance of homes, local economy, jobs and freedom. You are making it so only RICH people can afford to keep their homes vacant not people that work for a living and need to maintain their home and family keeping neighborhoods up to standard. Life is hard enough in Hawaii and you are making it harder once again. Some of my semi permanent military neighbors are not great neighbors (noise/rude/drinking/parties) and you blame only vacationers spending money in the state of Hawaii. People have a choice and they will take their vacation dollars elsewhere less hostile than Hawaii. Now you are screwing the people of Hawaii and all its residents. Your fines and rules are completely insane and out of order.. Meddling in everyone's business is what politicians are doing nationally and PEOPLE are angry at this intrusion. This is AMERICA, I have a choice to elect you out of office and share opinions. Everyone wants a peaceful cohesive neighborhood and to share the Aloha and prosper. What kind of neighbors do you have?

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From: mailinglist@capitol.hawaii.gov
 Sent: Tuesday, March 03, 2015 3:58 PM
 To: FINTestimony
 Cc: thelordrudd@yahoo.com
 Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Brew Rudd	Individual	Oppose	No

Comments:

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LATE

GRASSROOT

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Richard Rowland
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Keli'i Akina, Ph.D.
President/CEO

Eddie Kemp
Treasurer

Gilbert Collins

Robin Tijoe

March 4, 2015
11:00 AM
Conference Room 308

To: House Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Scott Nishimoto, Vice Chair

From: Grassroot Institute of Hawaii
President Keli'i Akina, Ph.D.

RE: HB 825 -- RELATING TO TRANSIENT ACCOMODATIONS
Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on HB 825, which would establish licensing requirements and enforcement provisions for transient vacation rentals, which would then be administered by the Department of Commerce and Consumer Affairs.

The Grassroot Institute recommends the committee carefully consider an unintended consequence of the proposed measure. While the bill purports to bring oversight and regulation to the many undocumented vacation rentals in the state, it provides little incentive and enforceable process for such establishments to "come out of the shadows." Instead, the effect of this bill is to burden the compliant small businesses and owner/operator establishments by creating a system that favors larger rental companies and hotels.

Licensing and regulation should be finely tailored to address a specific need or public hazard. However, the vague language presented in the bill does not make it clear that such a need or hazard exists that is not already addressed by other provisions of state or county law. Rather, it sets up a licensing scheme that seems to exist only to satisfy a future desire to streamline a taxation or fee scheme. This is demonstrably unlike the current practice of utilizing licensing in those professions or vocations where it is clearly in the public interest—and not the state's—to regulate those who are able to practice.

There is no reason to believe that this bill will accomplish the goal of stopping "illegal vacation rentals." What it will do is burden the compliant ones and create a larger state bureaucracy. Funding for enforcement of this provision will fall on the Department of Commerce and

Consumer Affairs, which will no doubt require more funding to do so. In the end, the result will be to have increased both the state budget and the cost of doing business in the state without any promise of an offset in revenue.

Tourism is the lifeblood of the state's economy, and any proposal that could have far-reaching effects on the state's ability to attract new visitors and reach new markets must be considered carefully before action is taken. There remain questions regarding the practical enforceability of the bill in question, the interpretation of the language used, and its economic effect—both on small, locally-owned businesses and for the tourist industry generally.

Thank you for the opportunity to submit our comments.

Sincerely,
Keli'i Akina, Ph.D.
President, Grassroot Institute of Hawaii



HAWAI'I LODGING & TOURISM
ASSOCIATION

LATE

Testimony of George Szigeti
President & CEO
HAWAI'I LODGING & TOURISM ASSOCIATION
Committee on Finance
Hearing on March 04, 2015, 11:00 A.M.
HB825 HD1 Relating to Transient Accommodations

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

The Hawai'i Lodging & Tourism Association (HLTA) is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms that benefit from and strengthen Hawai'i's visitor industry. Our membership includes over 150 lodging properties, representing over 50,000 rooms, and over 400 other Allied members. The visitor industry was responsible for generating \$14.9 billion in visitor spending in 2014 and supported 170,000 jobs statewide – we represent one of Hawai'i's largest industries and a critical sector of the economy.

On behalf of HLTA, permit me to offer this testimony regarding House Bill 825 HD1 relating to transient accommodations, which establishes licensing requirements and enforcement provisions for transient vacation rentals to be administered by the department of commerce and consumer affairs.

The Hawai'i Lodging & Tourism Association **supports** this measure, because it will help to create parity between the individually advertised vacation rentals and the rest of the lodging industry, by giving licensing and enforcement authority to the DCCA. With advances in technology and the popularization of the "sharing community", Hawai'i has seen a growing capacity of advertised individual rental units by owner. As a State our total lodging inventory is comprised of approximately 25% of these individual rental units, most of which we currently have no means of enforcing a level playing field with.

We support HB825 HD1 as it aims to create necessary requirements for legitimacy such as owner contact, local contact, license number, GET license number, TAT registration number, and it also requires the compliance with county ordinances regulating transient vacation rentals. Also, the requirement to establish a client trust account and the enforcement of the law under these guidelines will bring about a better experience for both neighbors of these transient vacation rentals and visitors alike.

We urge your favorable consideration of this bill.

Thank you for this opportunity to testify.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: www.honolulu.dpp.org • CITY WEB SITE: www.honolulu.gov

KIRK CALDWELL
MAYOR



GEORGE I. ATTA, FAICP
DIRECTOR

ARTHUR D. CHALLACOMBE
DEPUTY DIRECTOR

March 4, 2015

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
Hawaii House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

LATE

Dear Chair Luke and Members:

Subject: House Bill No. 825, HD1
Relating to Transient Accommodations

The Department of Planning and Permitting (DPP) **supports, with concerns,** the intent of House Bill No. 825, HD1, due to inconsistencies in the Bill and the lack of clarity in the enforcement section of the Bill.

The Bill as written would establish under the Department of Commerce and Consumer Affairs (DCCA) licensing requirements and enforcement provisions for transient vacation rentals. We have no problem with the DCCA regulating the commercial aspects of transient vacation rentals since the Bill provides that the DCCA licenses can only be issued after the DCCA receives proof of compliance with county zoning. As such, the Bill does not supersede the county land use regulation. Further, we agree that there is a need for stronger regulation of vacation rental operations and that the civil fines assessed against those who blatantly violate the code should be at a level sufficient to deter the illegal use.

However, those who operate illegal vacation rentals will, in all likelihood, not comply with the provisions of the Bill, nor seek to obtain the DCCA license knowing that they will not be able to obtain the required zoning clearance. In addition, it is our belief that illegal operators of transient vacation rental operations will make false claims to the State and the City & County of Honolulu that their use is for 30 days or more, which is a permitted use under the City's land use regulations. For this reason, we recommend that Section -3 of the Bill (**License; requirements; renewal.**), which lists reporting requirements for license applications, be amended to add the following subsection:

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
Hawaii House of Representatives
Re: House Bill No. 825, HD1
March 4, 2015
Page 2

- (9) List the permit number of the Nonconforming Use Certificate (NUC) issued by the City & County of Honolulu. If a NUC permit was not issued by the City to the operator of the transient vacation rental, then the operator must indicate on any advertisement that the rental use is limited to stays of 30 or more days and not available for stays of less than 30 days.

Secondly, we are concerned that there are redundant processing requirements levied on those who would be required to obtain a DCCA license in addition to the City permit processing requirement to conduct the use. The Land Use Ordinance (LUO) states that although short-term vacation rental operations (less than 30 days) are a permitted use in the Resort District and the Resort Mixed Use Precinct of Waikiki, the use is prohibited in all other zoning districts/precincts, unless a NUC is issued to the operator by the DPP. This NUC is renewed biannually at a cost of \$400 per renewal. Our concern is that if the DCCA would issue a license to an operator of a transient vacation rental operation and require the license to be renewed annually with an assessed processing fee, the DCCA licensing requirement, combined with the City's imposed permit renewal requirement, would impose duplicate processing requirements on the applicant and would be viewed as an unfair, duplicative fee assessment.

The penalty provisions of the Bill are unclear and should be clarified to distinguish between the \$10,000 civil penalty for each separate offense and the subsequent provision that the owner is subject to a fine of \$2,000 for each separate offense. It is also suggested that the DCCA, not the DPP, enforce the DCCA license and trust account requirements as the DPP inspectors do not have a working knowledge of these matters. For your committee's information, the City will soon be introducing legislation to the City Council that will establish a similar civil fine structure as the \$10,000 provision proposed in this Bill.

Finally, the Bill contains definitions that are inconsistent and contrary to definitions used by the City's LUO for similar terms. The differences in terminology are as follows:

1. The definition, "bed and breakfast establishment" or "bed and breakfast home", means a single-family dwelling occupied by an owner or a guest house let for consideration for less than 30 days.

The reference to a guest house conflicts with the LUO definition of "bed and breakfast home," which means a use in which overnight accommodations are provided to guests for compensation for periods less than 30 days, in the same

The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance
Hawaii House of Representatives
Re: House Bill No. 825, HD1
March 4, 2015
Page 3

detached dwelling as that occupied by an owner, lessee, operator, or proprietor of the detached dwelling. To be consistent with the LUO, the bed and breakfast use cannot be conducted separately from a guest house.

2. The definition, "Dwelling", means a bed and breakfast establishment or bed and breakfast home.

According to the LUO, the bed and breakfast home is conducted from the same detached dwelling as that occupied by an owner, operator, or proprietor of the detached dwelling. The bed and breakfast home is accessory to the principle use and cannot be a stand-alone dwelling.

3. The definition, "Transient vacation rental", means a dwelling or lodging located in the State let by an owner, operator, or lessee for compensation or fees, including club fees, for one hundred eighty days or less per rental.

This definition is inconsistent with the definition provided in the LUO, which states rentals of less than 30 days. The differences in definition of transient vacation rental used by the State and the City & County of Honolulu has been the source of confusion for Hawaii residents engaged in transient accommodation operations.

In summary, the City and County of Honolulu is willing to participate in any discussions that would address the concerns expressed in our testimony. Thank you for this opportunity to testify on House Bill No. 825, HD1.

Very truly yours,



George I. Atta, FAICP
Director

GIA:fmt
HB825HD1_FIN

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 04, 2015 8:56 AM
To: FINTestimony
Cc: tmartin96734@yahoo.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/4/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tori Martin	Individual	Oppose	No

Comments:

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, March 03, 2015 8:41 PM
To: FINTestimony
Cc: remich4206@aol.com
Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

LATE

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Rosemary E. Michaels	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 8:36 PM
To: FINTestimony
Cc: susanray@hawaiiantel.net
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM



HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
susan ray	Individual	Oppose	No

Comments: I oppose this bill. I feel this would shoot or economy in the "other foot" as we are already suffering from local economic strains. This would effect many local small businesses in our state.

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LATE

In regard to Bill 825

The intent is correct. Please see points 1 and 2 below, however, I would respectfully like to point out that the way to achieve the desired outcome of this bill already exists.

Kevin Wakayama, the Taxation Compliance Administrator at DOTAX knows exactly what must be done to ferret out illegal and non compliant vacation rental operators. May I respectfully suggest that all Representatives and Senators avail themselves of his expertise in these matters. He is very aware of the data base matching system software used by European governments to catch those who are operating illegally by not paying GET and TAT. We can use the same technology to accomplish these goals here with data bases already in existence.

To ensure:

1. That visitors are protected from fraud.
2. The compliance with regulations requiring the payment of GET and TAT.

In regard to point 1, all the regulations and trust accounts in the world will not stop unscrupulous persons from advertising on the internet, vacation rentals that do not exist or that they do not own.

The reality is that the over 22,000 vacation rental operators in the state do the very best they can to give guests a first class vacation experience. The internet has revolutionized the VRBO business by allowing guests to review any given VRBO. Negative reviews are so damaging to business that operators are constantly kept on their toes.

We are not self policing , the internet does that for all consumers already.

In regard to point 2, all legal vacation rentals are already registered on the Hawaii Information Consortium data base. With all due respect there is no need to duplicate this effort.

Thank you , Bob MacCallum bobmaccallum@hotmail.com

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 7:24 PM
To: FINTestimony
Cc: patrickb.doc@gmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

LATE

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Patrick Bertranou	Cienega Ventures	Oppose	No

Comments: Absolutely opposed to this bill. It is time to focus on pro business measures instead of looking to scapegoats to scrap a few dollars which will be wasted in a flash by our great incumbents. It is time to try to fix the ever growing deficit. Stop spending stop hiring bureaucrats stop voting laws whose only purpose is to create another layer of bureaucracy which will cost much more than the dollars raised. Become activists in creating real opportunities and pro business. Enough of your bills and ever increasing taxes.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 03, 2015 5:54 PM
To: FINTestimony
Cc: gaylerubino@hotmail.com
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gayle Rubino	Individual	Oppose	No

Comments: I oppose this bill

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 To: FINTestimony
 Cc: susanwils@yahoo.com
 Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Wilson	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
 Sent: Tuesday, March 03, 2015 9:49 PM
 To: FINTestimony
 Cc: sarapennant@hotmail.com
 Subject: *Submitted testimony for HB825 on Mar 4, 2015 11:00AM*

HB825

Submitted on: 3/3/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
SARA CULHANE	Individual	Oppose	No

Comments:

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LATE

As Chair of the Kailua Neighborhood Board, I am very concerned with proliferation of vacation rental businesses in "residential zoning". Housing experts have repeatedly stated Hawaii is facing a residential housing shortage and rising housing costs that not only negatively impacts the poor, but now is making workforce housing un-affordable for many of our residents. Property owners who are converting "residential zoned" residences into lodging businesses have contributed to this problem which has become a crisis in Kailua. There are thousands of TVR's in resort areas that can address the need.

It's also apparent to me that allowing lodging businesses such as vacation rentals and B&B hotels in residential zoned neighborhoods changes the neighborhood's residential character and safety by displacing residents with a revolving door of strangers who have no vested interest in the security or well being of the neighborhood. HB825 HD1 appears to help improve enforcement actions by the county authorities and I support those measures, but I agree with Keep it Kailua's analysis that there is a loophole that could cause more damage than good, and must be resolved.

Please modify the Bill HB825 by requiring TVR's to include their county's permit # or NUC certificate # and the TVR's address on all advertisements with their State license. In addition, all TVR's should document their "minimum" days of overnight stays in all advertisements and rental agreements as dictated by county zoning laws, and include a statement that clarifies it would be unlawful to provide less than the minimum days required.

LATE

Re: HB825 HD1: Relating to Transient Accommodations

Establishes licensing requirements and enforcement provisions for transient vacation rentals to be administered by the department of commerce & consumer affairs

Dear Chair Luke, Vice Chair Nishimoto and members of the House Committee on Finance,

I hope the Department of Commerce and Consumer affairs will reconsider its opinion that "consumers are not encountering the types of harm that would necessitate consumer protection regulation". Consumers are being misled when they sign a contract for an illegal rental unit. The neighborhood where this occurs is negatively impacted by its operation. The "popularity" of the activity among visitors is not shared by the community and should not be a consideration when determining whether or not this is a consumer protection issue.

Residents kept awake by a rotation of visitors or made uncomfortable by having strangers in the neighborhood where their children play, need the Department's help in making sure that the operator of a transient accommodation is operating legally and can show proof of his/her transient accommodation tax number as well as proof of compliance with applicable zoning requirements. It would simply be part of the advertising language.

Truth in advertising is fundamental to consumer protection. I hope that the welfare of adjacent home owners is a concern your committee and to the Department of Commerce and Consumer Protection, and that you and they will support the recommendations suggested by Keep It Kailua.

Mahalo for the work you do on our behalf,

Pauline Mac Neil
Kailua, HI 96734
3/4/15

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 04, 2015 1:33 PM
To: FINTestimony
Cc: RICK.BECK55@YAHOO.COM
Subject: Submitted testimony for HB825 on Mar 4, 2015 11:00AM



HB825

Submitted on: 3/4/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Beck	Individual	Comments Only	No

Comments: Aloha Honorable Legislators As an owner of a Maui vacation rental and President of the Association of Apartment Owners at Ka'anapali Royal, I do not see a need to be regulated by an additional agency. We are effectively self-regulated by guests who have stayed with us, and who might stay with us, as well as condo association rules and management. If we do not provide our guests with a positive rental experience, they will not rent from us again, and they'll make full use of their opportunity to provide online reviews so that other guests can make informed accommodation choices based on their experience. That's the power of the Internet, social media, and the digital age. Vacation rental properties make some important and valuable contributions to Hawaii: We pay Transient Accommodation Tax and General Excise Tax, providing an affordable alternative to families over hotels. Many more visitors can afford to vacation in Hawaii at a condo vs. hotel. We pay property tax; We comply with zoning laws; We comply with Act 326; We comply with the Landlord Tenant Act; We contract with our housekeepers; We contract with our contractors; We contact with property managers as needed; We invest capital to purchase, upgrade, and maintain our properties; We respect and value our relationship with our guests; We take great pride in the investment we make in our properties so that they meet and exceed guests' expectations; and, through all of this, We help Hawaii remain a globally competitive tourism destination by ensuring that the state meets the demand of visitors for accommodation choices beyond those offered by hotels. I urge you to vote no on this latest power grab funded by deep pocket Realtors. Mahalo!

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