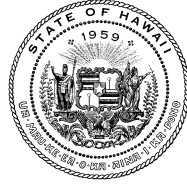


DAVID Y. IGE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
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MARIA E. ZIELINSKI  
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

To: The Honorable Richard H.K. Onishi, Chair  
and Members of the House Committee on Tourism

Date: Tuesday, February 7, 2017

Time: 9:00 A.M.

Place: Conference Room 429, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 1470, Relating to Taxation

The Department of Taxation (Department) has concerns regarding H.B. 1470 and provides the following comments for your consideration.

H.B. 1470, which is effective upon approval and applies to taxable years beginning after December 31, 2018, regulates hosting platforms, defined as any person or entity that facilitates reservations or collects payments on behalf of an operator through an online digital platform, and short-term rental lodging, defined as accessory or secondary use of a residential dwelling unit by an operator to short-term lodgers for less than 180 consecutive days. The following is a summary of key provisions of the bill:

Registration of Short-Term Rental Lodging

- Operators will be required to indicate on the registration application whether they are renting short-term rental lodging units and provide the address of the unit.
- Operators will be limited to registering one short-term rental lodging unit.

Restrictions on Short-Term Rental Lodging

- A short-term rental lodging unit shall not be rented for more than 60 calendar days total per year.
- An owner or occupant of a residential dwelling unit who receives affordable housing funds for the unit shall not advertise or rent the unit as a short-term rental lodging unless the owner or occupant resides in the unit.

Registration of Hosting Platforms

- A hosting platform will be required to pay an annual fee of \$10,000 for the right to do business in the State as a hosting platform.

### Advertising of Short-Term Rental Lodging

- Hosting platforms will be prohibited from listing short-term rental lodging units unless the operator demonstrates that it is in compliance with land use, zoning, and tax requirements.
- Hosting platforms will be required to remove any listing for short-term rental lodging units if (1) the listing does not provide the registration number for the unit; (2) the operator fails to attest that the unit is in compliance with land use, zoning, and tax requirements; or (3) the hosting platform receives written notice from the state or county that the operator or short-term rental is not in compliance with land use, zoning, or tax requirements.
- Hosting platforms will be subject to fines for failing to remove listings as described above.

### Surcharge on the transient accommodations tax (TAT)

- A four percent TAT surcharge will be imposed on short-term rental lodging in the State.

### Hosting Platforms as Tax Collection Agents

- Hosting platforms may register with the Department as tax collection agents.
- As registered agents, the hosting platforms will be required to report, collect, and pay general excise tax (GET) and TAT on behalf of all of its short-term rental lodging operators for bookings made directly through the registered agent.
- The registered agent's operators will be required to be licensed under chapters 237 and 237D, Hawaii Revised Statutes (HRS).
- With each return, the registered agent will be required to provide the name, address, and tax identification number of each operator on whose behalf it collected taxes, the address of each short-term rental lodging unit for which a booking transaction was made, the number of transactions for each unit, the number of days each unit was rented, and the gross rental for each unit.

First, the Department has concerns that H.B. 1470 requires the Department to police unlawful activity having no relationship to tax. The purpose clause itself states that the purpose of this bill is to “[e]liminate illegal short-term rental lodging.” The Department understands the desire to eliminate unlawful activity, but this is not the function of the Department. The Department’s function is to collect taxes and enforce compliance with the tax laws, not to determine when an act is unlawful and enforce compliance with non-tax laws. All of the laws in title 14, HRS, discuss how or when an activity will be taxed and aid in the Department’s enforcement of the tax; nothing in title 14, HRS, makes an income-producing activity unlawful.

The provisions of this bill that regulate short-term rentals should be placed in other areas of the HRS, not in title 14. Otherwise, the Department will be placed in situations where it may need to prioritize enforcement of non-tax laws above its duty to collect taxes. For example, if an operator has more than one short-term rental lodging unit, and is therefore precluded from registering additional units, the Department may be forced to forego collecting taxes on those

additional units.

An operator who is unlawfully renting a short-term rental unit owes taxes on the unlawful transaction regardless of the legality of the underlying activity, just as an unlicensed contractor operating without proper permits is still liable for taxes resulting from the unlawful contracting activity. The Department cannot monitor and enforce laws that are unrelated to tax, especially when doing so would hinder the Department's primary function of collecting taxes.

Second, the Department notes that section 7 of the bill, which expands the advertising requirements in section 237D-4, HRS, by adding a new subsection (i), which requires hosting platforms to remove listings that fail to meet certain requirements, may violate the federal Communications Decency Act of 1996. The Department defers to the Department of the Attorney General on this issue.

Third, section 7 of the bill, which amends section 237D-4(a), HRS, by prohibiting operators from registering more than one short-term rental lodging unit, would prohibit operators with multiple short-term rental units, all of which are compliant with land use and zoning laws, from registering all of their legal units. The Department notes that this may present a Due Process issue and defers to the Department of the Attorney General.

Fourth, with respect to the provision allowing a hosting platform to register as a tax collection agent, the Department notes that, in general, permitting hosting platforms to act as tax collection agents, similar to how multi-level marketing organizations may act as tax collection agents on behalf of their direct sellers, pursuant to section 237-9(e), HRS, eases the burden of reporting and remitting taxes for taxpayers and promotes efficient tax collection by easing the burden of processing, auditing, and collecting from individual taxpayers.

However, unlike section 237-9(e), which provides that the direct sellers of the tax collection agent are deemed to be licensed for business activity conducted directly through the tax collection agent, this bill requires all of the operators of the registered agent to obtain a license. This provision is unnecessary and will result in flawed data, as there will be numerous licenses that will appear to be noncompliant.

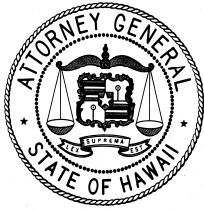
Fifth, the Department has concerns regarding the \$10,000 annual fee that is imposed on hosting platforms for "the right to do business in the State." It is unclear what this fee is intended to cover, as a fee is generally exchanged for a service or benefit and the amount normally bears a relationship to the value of the service or benefit, whereas a fine is generally a retributive payment meant to financially punish the payee.

Sixth, the Department notes that this bill would require the Department to expend significant resources to implement the numerous changes, such as creating subcategories for TAT licenses and making form and system changes for the TAT surcharge and registration of tax collection agents, in exchange for little to no revenue gain.

As previously stated, the admitted goal of this bill is to eliminate short-term rentals. Accordingly, if this bill become law, short-term rentals will either cease to exist or will become completely non-compliant with the tax laws. In either case, the Department will have expended significant resources without any corresponding increase in tax collection.

Finally, the Department notes that, should this bill advance, the Department estimates that it will be able to make the necessary form, instruction, and system changes for tax years beginning after December 31, 2018.

Thank you for the opportunity to provide comments.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-NINTH LEGISLATURE, 2017**

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**ON THE FOLLOWING MEASURE:**  
HOUSE BILL NO. 1470, RELATING TO TAXATION.

**LATE**

**BEFORE THE:**  
HOUSE COMMITTEE ON TOURISM

**DATE:** Tuesday, February 7, 2017      **TIME:** 9:00 a.m.

**LOCATION:** State Capitol, Room 429

**TESTIFIER(S):** Douglas S. Chin, Attorney General, or  
Nathan S.C. Chee, Deputy Attorney General

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Chair Onishi and Members of the Committee:

The Department of the Attorney General appreciates the intent of this bill but submits these comments to address our concerns with it as currently written.

The stated purpose of this bill, among other things, is to address the proliferation of illegal short-term rental lodgings in the State. This bill addresses this issue by providing for greater accountability by online hosting platforms that materially contribute to illegal rentals and by allowing hosting platforms registered with the Department of Taxation to collect general excise taxes (GET) and transient accommodation taxes (TAT) on behalf of the short-term rental lodging operators that book customers on their hosting platforms.

Section 6 of this bill, page 19, lines 16 through 21, and page 20, lines 1 through 6, amends section 237D- , Hawaii Revised Statutes (HRS), to add a four percent surcharge on each booking transaction for short-term rental lodging in addition to the existing TAT. Wording on page 20, lines 3 through 6, specifies that “The surcharge is a part of the tax imposed by this chapter.” Section 237D-6.5(b), HRS, directs that: “[r]evenues collected under this chapter shall be distributed in the following priority, with the excess revenues to be deposited into the general fund. . .”. (Emphasis added). Section 237D-6.5(b), HRS, then specifies the disposition of the TAT collected under chapter 237D, HRS, to various special funds and to individual counties. Because this

bill does not amend section 237D-6.5, HRS, to direct the disposition of the four percent surcharge discussed above, however, it is not clear how the funds will be allocated to its intended purpose. We respectfully recommend amending section 237D-6.5, HRS, to clarify that the entire amount of the four percent surcharge is to be used for the purpose stated in this bill.

Section 7 of this bill, page 20, lines 19 and 20, states that: “[n]o operator shall be permitted to register more than one short-term rental lodging unit . . .”. This limitation will prevent an owner of multiple properties from renting out more than one property as a short-term rental lodging unit. This restriction on individuals’ rights to the beneficial use of their property may be subject to challenge as an unconstitutional taking of property without just compensation prohibited by the Fifth Amendment to the U.S. Constitution. The U. S. Supreme Court has stated “[t]he general rule at least is that while property may be regulated to a certain extent, if regulation goes too far it will be recognized as a taking. Pennsylvania Coal Co. v. Mahon, 260 U.S. 393, 415, 43 S. Ct. 158 (1922). While setting forth this general principle, the U. S. Supreme Court itself has not defined “how to distinguish the point at which regulation becomes so onerous that it has the same effect as an appropriation of the property through eminent domain or physical possession.” Williamson Cty. Reg’l Planning Comm’n v. Hamilton Bank of Johnson City, 473 U.S. 172, 199, 105 S. Ct. 3108, 3123 (1985). We recognize this bill only limits the use of the owner’s property and does not actually seize property from the landowner so it may not appear to be a classic form of a taking. Nevertheless, the limitation on the number of rental units one owner may register for short-term rental may be challenged as violating the Fifth Amendment to the U.S. Constitution.

Section 7 of this bill, on page 26, lines 20 and 21, and page 27, lines 1 through 12, require a hosting platform to remove any listing for a short-term rental lodging unit in the State:

- (1) That fails to list the registration number for the short-term rental lodging unit described in section (c)(1);

- (2) If the operator fails to attest to compliance with applicable land use, zoning, and tax requirements, including any and all applicable county ordinances and requirements; or
- (3) If the hosting platform has received written notice from a state or local government authority that the operator or short-term lodging unit has failed to comply with applicable land use, zoning, or tax requirements.

If these requirements are not met, the hosting platform may face fines prescribed in subsection (j) on page 27, lines 13 through 21, and page 28, lines 1 and 2. The foregoing provisions may be subject to challenge as being preempted by the Communications Decency Act, 47 U.S.C. § 230 (CDA). Section 230(c)(1) of the CDA states that “[n]o provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.” Section 230(e)(3) of the CDA states in relevant part “[n]o cause of action may be brought and no liability may be imposed under any State or local law that is inconsistent with this section.” As the above requirements added by this bill may create liability if the hosting platform posts information on its website from an operator that turns out to be false, these requirements may be preempted by federal law. We respectfully recommend these requirements be amended to clarify that the hosting platform is not liable for information provided by the operator of the short-term rental lodging.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** GENERAL EXCISE, TRANSIENT ACCOMMODATIONS, Hosting platforms as Tax Collection Agents; Surcharge on Short-Term Rental Lodging

**BILL NUMBER:** SB 1202; HB 1470 (Identical)

**INTRODUCED BY:** SB by WAKAI, INOUE, KIDANI, S. Chang, Dela Cruz, Espero, Gabbard, Galuteria, Ihara, Keith-Agaran, Taniguchi; HB by ONISHI, BROWER, CHOY, DECOITE, EVANS, ITO, JOHANSON, NAKASHIMA, QUINLAN, TODD, TOKIOKA, YAMASHITA, Creagan, Say

**EXECUTIVE SUMMARY:** Allows a hosting platform to serve as a collection agent for general excise and transient accommodations taxes. This type of arrangement would probably enhance collection of taxes because of the difficulty of policing individual owners. Also creates a surcharge on short-term rental lodging to fund homeless services.

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

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

A registered platform shall be issued separate licenses with respect to taxes payable on behalf of its operators and plan managers in its capacity as a registered hosting platform tax collection agent and, if applicable, with respect to any taxes payable under this chapter for its own business activities. The platform is to file periodic returns reporting income and exemptions as collection agent separately from its own business activity.

The platform’s periodic and annual returns as collection agent shall include a schedule listing (A) the name, address, and general excise tax number of each operator for whom the hosting platform collected taxes; (B) with respect to each operator, the address of each short-term rental lodging unit for which a booking transaction was facilitated by the hosting platform during the applicable period; and (C) for each such short-term rental lodging unit, for the applicable period, the total number of booking transactions, the total number of days rented, and the gross rental or gross rental proceeds.

A platform may cancel its registration by delivering a written cancellation notice to the department and its customers; the cancellation will be effective no earlier than 90 days after



delivery of the notice. The department may also cancel a registration for any cause, including violations of the tax laws or a breach of the registration agreement.

Amends HRS section 237-30.5, relating to rental collection agents, and section 237D-8.5, relating to collecting TAT for the same residents, to clarify that those provisions do not apply to registered hosting platforms.

Amends HRS section 237D-1 to add several new definitions and to delete the current definition of transient accommodations broker.

Amends HRS section 237D-2 to impose upon each booking transaction for short-term rental lodging a surcharge of 4% of the gross annual or leasing charge.

Amends HRS section 237D-4 to limit each operator to one short-term rental lodging unit. Operators under common control are deemed one operator.

Also provides that no short-term rental lodging unit shall be listed on a hosting platform unless the operator first demonstrates to the hosting platform that the operator and the short-term rental lodging unit are in compliance with this chapter and other applicable land use, zoning, and tax requirements, including any and all applicable county ordinances and requirements, and including, without limitation, by providing the hosting platform with its TAT registration number and by attesting that the operator and the short-term rental lodging unit are in compliance with applicable land use, zoning, and tax requirements, including any and all applicable county ordinances and requirements.

Requires a hosting platform to remove any listing for a short-term rental lodging unit in the State if (1) the operator fails to list the host's TAT number; (2) the operator fails to attest to compliance with applicable land use, zoning, and tax requirements, including applicable county ordinances and requirements; or (3) if the hosting platform has received written notice from a state or local governmental authority that the operator or short-term rental lodging unit has failed to comply with applicable land use, zoning, or tax requirements. Imposes fines for noncompliance.

Requires a hosting platform to pay an annual fee of \$10,000.

Prohibits short-term rental lodging use in excess of 60 days total per year for each registered short-term rental lodging unit.

Unless the owner or occupant is residing in a residential dwelling unit while renting out other bedrooms in the dwelling, prohibits the dwelling from being advertised or used as short-term rental lodging, if the owner or occupant of such dwelling has received affordable housing funds with respect to such dwelling from the federal, state, or local government, including section 8 housing assistance, housing choice vouchers or rent supplements pursuant to chapter 356D, low or moderate income homeowners loans for home repair, rehabilitation, down payments, solar installation, or other similar programs.

EFFECTIVE DATE: Applies to taxable years beginning after December 31, 2018.

STAFF COMMENTS: Act 143, SLH 1998, amended HRS section 237-9 to allow multi-level marketing companies to act as agents to collect and pay over GET on behalf of their independent entrepreneurs. At the time, it was considered beneficial for the marketing companies to collect and pay over tax as opposed to having the Department of Taxation chase down a myriad of independent owners with varying degrees of tax compliance among them.

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

TVR activity is a business and the dollars earned in that business are subject to Hawaii state taxes. Specifically, General Excise Tax (GET) and Transient Accommodations Tax (TAT) both apply, so those hosts that are in this business need to register appropriately and pay these taxes. But alas, not everyone does. So the bill proposes to allow the platform to register with the Department of Taxation and to remit the GET and TAT to the State on behalf of the hosts. Once registered, any time a host earns money on the platform, the platform will pay the taxes and will pay over the balance to the host. The concept is like withholding, with which those of us who receive a paycheck are quite familiar: we work for an employer, the employer pays us our wages, but the employer deducts some taxes and pays them to the Department of Taxation and IRS.

A similar measure, HB 1850 (2016), passed last year but was vetoed by Governor Ige. The principal objection concerns county-level restrictions on property use. Some TVR activity violates county zoning laws. Some counties, as well as neighboring residents, see withholding as described in this bill as enabling hosts to hide illegal activities from county law enforcement. Some people have gone further. They blame TVR hosts for wrecking the sanctity of neighborhoods with an unending stream of tourists or for yanking housing units off the market in the name of greed, resulting in stratospheric housing prices that are yet another crippling blow to hardworking families struggling to make ends meet. Then, they turn to the platforms and demand that the platforms stop encouraging and facilitating such illegal, anti-societal, and morally depraved activity.

But do we really want a withholding agent to be our brother's keeper? Is it right to ask our employers to call up our banks and credit card companies to see if we are current on our mortgage and paying our bills on time? If we aren't timely or break the law, should we blame our employers for facilitating illegal or immoral activity by paying us our wages (after the tax authorities have, of course, gotten their share) instead of first making sure that those monies are applied to payment of our debts?

At some point, we need to recognize that TVR hosts, like most employees, are adults. They have chosen to go into business, and they are responsible for running their business and all that it entails. They, as the property owners, are answerable to the counties for the use or misuse of

those properties. Certainly, the platforms need to be aware of and compliant with laws that pertain to their business if they are going to be doing business here. But it seems a bit much to ask the platforms to be policemen for the counties when the counties, for whatever reason, can't or won't enforce their own zoning laws.

Ultimate responsibility as to both State tax and county zoning laws rests with the owners of the accommodations, not the platform. This bill requires the platform to inform the owner or plan manager about county level compliance, and requires the owner or plan manager to attest to that compliance. In fact, owners may be in varying degrees of compliance with the zoning laws just as they are in varying degrees of compliance with the tax laws. The platform is not in an efficient position to police the former, but effectively can do something about the latter because money from the transient guests flows through the platform's system.

If the State's goal in enacting this measure is to increase tax collections by making it harder for individual hosts to evade or avoid general excise or transient accommodations tax responsibilities, then it should make the registration process for platforms easier, not harder. If the registration process is seen as onerous or burdensome, then platforms might not want to register, hosts might be motivated to take their business away from a registered platform to an unregistered one, or both.

Digested 1/31/2017



February 3, 2017

Representative Richard H.K. Onishi, Chair  
Representative James Kunane Tokioka, Vice Chair  
House Committee on Tourism

**Comments in Support of HB 1470, Relating to Short-Term Rental Lodging; Hosting Platforms; Transient Accommodations; Reporting Requirements; Taxation; Excise Tax; Counties.**

**Tuesday, February 7, 2017, 9:00 a.m., in Conference Room 429**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF **supports the intent of HB 1470**, which proposes to allow hosting platforms registered with the Department of Taxation (DoTax) to act as tax collectors on behalf of short-term rental lodging operators; apply the general excise tax on short-term rental lodging; require hosting platforms to report detailed operator information with the filing of tax returns; and require operators to keep records of each booking transaction for a period of at least three years. This proposed measure also limits the number of short-term rental lodging units that can be registered by any one operator, sets a cap of the number of nights permitted, and creates a surcharge on short-term rental lodging in the State to fund supportive services for Hawaii's homeless.

**HB 1470.** This measure proposes to extend the intent, policies and practical benefits underlying Act 143, SLH 1998, which amended Hawaii Revised Statutes [HRS] Section 237-9 to allow multi-level marketing companies to act on behalf of their independent business owners to collect and pay State general excise tax (GET), to DoTax-registered hosting platforms to collect and remit transient accommodations tax (TAT) and GET on behalf of short-term rental lodging operators and owners.

LURF supports the intent of HB 1470 as the bill would serve as a vehicle to effectively assist the DoTax improve and increase the agency's ability to identify non-compliant operators/owners and to collect such taxes, and in addition, aims to offset the State's housing and homeless issues reportedly exacerbated by the increase of short-term rental

lodging operations, with the establishment of a surcharge to directly address these critical issues.

**LURF's Position.** Unlike comparable legislation which has been previously introduced in effort to effectuate the same purposes underlying, and policies contained in this bill, the provisions of HB 1470 attempt to address and alleviate objectionable points contained in those prior iterations, including the strong concern that use of collection agents could operate as a shield to hide or protect illegal, or otherwise non-compliant short-term lodging owners/operators.

Compared to prior similar legislation, HB 1470 contains more detailed and comprehensive reporting, auditing and enforcement requirements, safeguards, and other provisions, which LURF believes not only better protect the public by ensuring tax compliance and maximum tax revenue from bookings processed through host platforms, but will also effectively assist DoTax by relieving it of its duty to enforce tax compliance by individual owner/operators, and reduce its administrative costs.

Opponents of prior similar bills also took the position that the collection agent arrangement would encourage owners/occupants to accommodate short-term lodging renters over local residents requiring affordable rental housing, especially at a time when the lack of affordable rental housing and homelessness is at a crisis point throughout the State.

LURF, which is involved in, understands, and deals with current issues relating to affordable housing and homelessness, questions whether the platform hosting arrangement proposed by HB 1470 would in fact have a significant effect on affordable rental housing and homelessness in this State, primarily since most rental opportunities which would reportedly be lost to short-term lodging fall outside the range of affordability of housing units needed and sought at this time. Nevertheless, it is LURF's position that the proposed establishment of a surcharge on short-term rental lodging to fund support services for Hawaii's homeless would be able to more appropriately address concerns, and directly help with efforts required to alleviate homelessness in this State.

**Conclusion.** LURF believes a measure such as HB 1470 is vital to identify non-compliant short-term rental lodging operators and owners, and to collect the TAT and GET currently being avoided, but rightfully owed by them to the State. For the reasons set forth above, LURF **supports the intent** of HB 1470 and respectfully urges your favorable consideration.

Thank you for the opportunity to present testimony regarding this matter.

Dear Representatives;

This letter is written to voice Opposition to this proposed bill. The bill is an attack solely on investment property and vacation rental owners which add great value to your tourism industry. My business provides accommodations for visitors travelling to the beautiful island of Maui. With the collapse of the pineapple industry and now the end of the sugar cane industry, the only viable but fragile industry left is Tourism. The tourism industry provides a high income for the state and local businesses. When there is a hit to the tourism industry there is an extreme ripple effect that hits every business on the island. Currently, the GE Tax is 4% and the TA Tax is 9.25%. These bills will increase the TA Tax to 17.25%, which will result in a total tax of 21.25%. These increases in tax do not take into account the added surcharges and fees proposed which will add a substantial increase. An increase such as this will now cause some tourists to re-think their vacation destination. Let us not forget that Cuba is now open to the U.S traveler and the Canadian dollar is very low. Vacationers look to Maui for beach, sun, water and security. Cuba offers all of this for 1/3 – 1/4 of the price and is mainly an all-inclusive destination, which is an invitation to the travelling public not a deterrent. This bill also limits the short-term rental to 60 days per year, and the total number of properties an owner can own is one. This is unbelievable. On one hand you state that the increases are necessary, because there are insufficient funds. Then you proceed to limit the number of days the property can be rented, which will result to 1/6 the amount of taxes you would receive. Limiting the number of properties one can own, well I must state I cannot comprehend the rationale behind that.

There are several bills being presented this year that relate to Vacation Rental Accommodations. Let me present a short synopsis of this:

- HB 1470, 4% increase in TA Tax  
60 day Rental limit  
Ownership kept to only 1 property
- HB 546, 4% increase in TA Tax
- HB 180/SB 686, property surcharge ranging from \$3.50 - \$7.50 per \$1000 of property value  
\$5.00 per night tax
- HB 1453/SB 1143, \$20 per night per guest fee

To sum this up, a vacationing couple staying for 14 nights in a property valued at \$380,000 and at a rental rate of \$150/night would currently pay \$2378.25. After all proposed increases, the same couple would pay \$2724.15 which relates to an increase of \$345.90. Remember, this is based on the accommodation being able to rent for 365 days of the year, not the 60 days as per HB 1470. An income for 60 days verses 365 days, the vacationer would now have to pay 6 times the amount as the owners still have their expenses to pay (\$154/day based on a full year of rental verses \$924/day based on 60 days of rental). I would think that the majority of you have gone on a vacation at one time or another; would you be willing to pay \$924.00/night (for a \$154/night room) plus food, air fare, car rental, tours, groceries and souvenirs? Do you think that raising the nightly fee to \$924/night is outrageous; I do its incomprehensible without effects to the tourism industry. I would not pay it and I don't think you would either, but someone would have to or the owners would be forced to sell.

Metaphorically speaking, you are loading a gun with these proposed changes and you will shoot yourself in the foot. These proposals will collapse the tourist industry, which will result in businesses closing, causing unemployment to rise and there will be NO money going to the state. The burden of financing the state will rest solely on the residents. You will see numerous vacation properties go up for sale, which will in turn saturate the market with an abundance of properties causing a collapse of property values.

The majority of Vacation Rental Owners have fully supported Hawaii for many years. With these continuous unrelenting attacks on the Vacation Rental Industry every year, I think many owners and companies may think it is time to liquidate their properties in Hawaii and invest in a country or state that appreciates the support of their tourism industry.

In closing, let me be clear, I understand the problem with some Vacation Rental owners not paying the taxes they have collected or should be collecting on behalf of the state. If they are collecting taxes on behalf of the state and then keeping it, they are blatantly committing Fraud and Theft, and should be charged as per the law and charges under the tax evasion laws. There are many Vacation Rental Owners that do comply with the states wishes and yet they are the ones that are being punished. There are laws in place already yet they do not seem to be enforced.

I believe if you criticize you should also provide a solution. My suggestions are as follows:

1. Legislate that all resort properties are legally responsible to supply a list of all Vacation Rentals within their resort plus provide a list of the rental dates for each unit. This is easy to do, as a tourist notifies the resort that they are there, and the resort keeps a log.
2. Give an incentive to people who report non-compliant owners and companies.
3. Apply to the Federal Government for increased education transfer payments.
4. Government should look within itself and stop unnecessary and wasteful spending. Then redirect the funds to Education and Homeless Programs
5. Create a 10% Education surcharge on all alcohol purchases.

We need to work together for a solution that takes all parties into consideration and provides for a less invasive result to the tourism industry.

Yours Truly;

Ronald Bridges, President

Bridges to Paradise Rentals Inc.

bridgestoparadise@live.com

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Charles Prentiss	Kailua Neighborhood Board	Support	No

Comments: HB1470 is much superior to HB1471 with respect to providing counties with the necessary information to enforce its zoning regulations. The provisions in HB1470, that are not in HB1471, enabling the counties to access names and addresses of operators and plan managers is essential to assure that transient accommodations broker tax collection agents do not advertise illegal rentals.

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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OAHU ALTERNATIVE  
LODGING ASSOCIATION  
CITIZENS FOR A SHARED ECONOMY

House of Representatives  
Tourism Committee

Tuesday, February 7, 2017, 9:00 am  
Room 429

**OPPOSE: HB1470, RELATING TO TAXES**

Aloha Chair Rep. Onishi and members of the committee:

My name is David Moyer, testifying on behalf of the Oahu Alternative Lodging Association (OALA). We represent operators and owners of short-term rentals on the island as well as associated members in housekeeping, gardening and other services. We are a non-profit organization that supports the responsible advancement of our island's short-term rental industry.

We strongly oppose HB1470. We recognize and agree that a level playing field is needed that ensures short-term rentals are paying their taxes just as hotels and resorts do. We also believe the state can benefit greatly from the potential tens of millions of dollars in revenue generated by allowing platforms to collect and remit taxes. However, many of the provisions contained in this bill will have a lasting and chilling effect on the short-term rental industry. Furthermore, the land use provisions contained herein are an over reach and undermines county authority over these matters. In addition, the bill unfairly asserts short-term rentals are the cause of homelessness and the housing shortage. There are no studies or data to support these assertions. We would suggest that homelessness is everyone's responsibility and that all citizens and businesses should pay a surcharge to address this issue, including hotels and residents.

Another set of provisions places caps on the number of nights and the number of units that can be managed by a single operator. This heavy-handed approach would impact many condo-hotel operators and property managers.

Fundamentally, we should recognize:

**Short-Term Rentals are Vital to Hawaii's Economy**

- While visitor numbers have hit historic highs and airlift remains stronger than ever, it is important to recognize that the additional accommodations needed by these visitors is generated by short-term rentals.
- Increasingly, travelers want to live like locals and are seeking out opportunities to stay and eat in local communities – not necessarily in resorts and traditional accommodations.
- Guests at short-term rentals are more likely to spend at locally owned retail shops and restaurants, unlike other visitors who often dine and shop at resort establishments.

- A report last year from Airbnb, just the third largest travel platform in the islands, indicated their guests generated \$353 million in economic activity in Hawaii. If combined with other platforms, we might expect more than triple that figure in economic impacts from short-term rentals overall.

In addition, we should understand that:

#### Land Use Permitting Is So Complex It's Nearly Unenforceable

- In 1989, the Honolulu City & County halted the practice of issuing new permits for short-term rentals. Only 809 permits exist, all of them grandfathered for nearly 30 years.
- Yet, there are over 6,000 alternative accommodations on Oahu according to the Hawaii Tourism Authority.
- Enforcing compliance with this outdated permitting process would potentially wipe out hundreds of millions of dollars in economic activity from these units.
- Currently, the City's Land Use Ordinance defines short-term rental as less than 30 days. This has been widely interpreted, even by those in the City's Department of Planning and Permitting, to allow short-term rentals not to exceed once every thirty days. However, there would be no practical way to enforce this provision.
- Zoning and land use laws vary widely by county.
  - Hawaii County fully allows short-term rentals in residential zoning.
  - Maui's permitting process is so complex that it remains difficult for many to even apply. Here's an example of just one provision:  
*"An applicant can hold only one short-term rental home permit, except when: additional permits are for short-term rental homes that each have a county assessed market value of \$3,200,000 or higher at the time of each application; and permit holder files complete applications for the short-term rental home permits within one year of this chapter's original effective date."*
  - Kauai has placed a moratorium on new permits for the past several years and has yet to update a permitting process.

Permitting for short-term rentals has long been outdated and ill suited for the modern economy and today's travel tastes. However, OALA believes that permitting and registration are needed but these rules should be updated and enforced by the counties rather than the state.

Thank you for the opportunity to testify.



The House of Representatives  
The Twenty-Ninth Legislature  
Regular Session of 2017

To: Rep. Richard Onishi, Chair  
Rep. James Tokioka, Vice Chair

Date: February 7, 2017

Time: 9:00 a.m.

Place: Conference Room 429  
Hawaii State Capitol

**RE: House Bill 1470, Relating to Taxation**

Chair Onishi and Members of the Committee:

*Rental By Owner Awareness Association (RBOAA) is a Hawaii non-profit corporation founded in 2011, representing over 1000 members. Our mission is to provide Hawaii vacation rental property owners with information to help them comply with the applicable State and County regulations, support the Hawaii economy by offering visitors choice in accommodation, and to advocate for the rights of Hawaii vacation property owners. RBOAA members provide transient vacation rentals in full compliance with existing tax and county regulations. RBOAA fully supports enforcement of existing regulations.*

RBOAA supports the concept of allowing a transient accommodation broker to act as a tax collection agent. RBOAA supports proposals which assist in the collection of taxes without undue burden on the taxpayer or the state Department of Taxation.

RBOAA also supports compliance and enforcement of county land use laws. RBOAA also applauds the significant improvements made to this bill since the 2016 session.

However, HB1471 is vastly superior to this bill in every respect.

RBOAA must **STRONGLY OPPOSE** HB1470. There are numerous issues of clarity and the purpose of this bill is detrimental to the State of Hawaii.

This Bill seems to imply that all short term vacation rental in Hawaii is an “illegal” activity. Title 14 of the Hawaii Revised Statutes authorizes the commerce of transient accommodations - nothing in the tax codes make conducting this activity, by anyone,

illegal. It is only illegal to not pay taxes. In addition, there are also requirements to comply with local zoning or obtain a “non-conforming” permit to operate. There is very little mystery where transient accommodations may operate. Each county has defined their zones and that information may be found on their websites.

1. The bill needs to limit the definition of “short-term lodging”.
  - a. The term “accessory or secondary use of a residential dwelling unit” is insufficient and unclear. The definition should be extended to include: *“If the primary use of a residential dwelling unit is for transient accommodation or transient vacation rental, it is considered to be transient accommodation and not considered to be short-term lodging.”*

To be clear: If the purpose of the “short-term lodging” category is to bring casual operators into the scope of transient accommodation, RBOAA has no objection. If the purpose of the “short-term lodging” category is to phase out currently legal vacation rental operators, RBOAA expresses **extreme opposition**.

This Bill states one purpose being to “tak[e] units off the market that would otherwise be available to residents.”

Oahu, Maui, and Kauai all have zoned tourist destinations and resort zones where vacation rental is permissible by county ordinance and zoning. The county of Hawaii allows vacation rental except in agriculture zones. Additionally, each county imposes a higher rate of property taxation on these properties relative to other owner-occupied dwellings. The resort zones were developed, built, sold and purchased as such. By definition, they did not (some 30 years ago) nor do they now, contribute to “taking units off the market that would otherwise be available for residents” as the Bill asserts, nor do these properties contribute to homelessness. It is unclear, how an owner, or series of owners of the property over the past 30 years, would be contributing to “taking a unit off the market that would otherwise be available to residents.”

In 2014, the City and County of Honolulu prepared a report on the status of rental housing. The conclusion was that not enough housing was being built for lower and middle income families relative to the population growth. In other words, the permanent population is growing but dwellings are not being built to house them.

The conclusions that unaffordable housing and homelessness are attributable to owners renting units in tourist zoned areas are not founded.

2. *If* the definition of short-term lodging is intended to include currently legal transient accommodation, the application of the 60 day per year cap and the 1 unit per owner cap will have significant negative impacts on currently legal vacation rental property owners. Property values will decrease markedly as legal vacation rental properties have been zoned, used, bought and sold as such for many years.



- a. To prohibit an individual's right to continue to use their property for the purpose for which they purchased it for, is or may be, a form of "taking" – i.e. the State's confiscation of privately owned real property.
3. The 4% surcharge, as applied only to short-term lodgings, is fair *only* in circumstances where the operator is not already paying the higher resort zone or transient accommodation property tax rates.
4. Limiting short term lodging to only 60 days per year is arbitrary and will do nothing to solve a homelessness or housing issue. People need certainty of tenancy, not tenancy for 305 days a year.

RBOAA has made other recommendations in the testimony for HB1471 which are repeated in this testimony.

1. Add wording stating:

“No transient accommodation broker, acting as a tax collection agent, may charge a fee to an operator for providing the tax collection service when the transient accommodation broker is paid by the State of Hawaii or any county for the tax collection service.”

2. Add wording stating:

“The Counties are responsible for enforcing their land use laws and shall provide a plan to the State no later than January 1, 2018 detailing how the Counties will enforce their land use laws and how they will issue certifications of compliance on a timely, expeditious and cost effective basis to operators of legal transient accommodation. Upon approval of the County’s plan, the “attestation of compliance” requirement may be replaced by a “certification of compliance.”

It is clear from the testimony submitted on the companion bill (“SB1202”) that the intent of this bill is to reduce or eliminate all non-hotel accommodation. Therefore, it is useful to remind the members of the committee that this debate has taken place each year for at least the past 6 years and certain truths prevail.

- RBOAA advocates full compliance with tax requirements and zoning restrictions. We believe legally operating operators should continue to operate in peace.
- Tourists to Hawaii expect to have a choice of accommodation and should be allowed to make that choice, as they are allowed to do in every other jurisdiction in the civilized world.

#### 4 | HB 1470 RELATING TO TAXATION

- Vacation rental owners are small business people who have to compete against the massive marketing budgets and brand name recognition of hotels like Sheraton, Outrigger and Hilton. Vacation rental owners do not have the financial resources to compete with the hotel industry paid lobbyists and lawyers.
- While the hotels may be crying poor, every month we read media reports that tourism is up, passenger loads are up, and hotel occupancy is high and strong. Hotel occupancy rates continue to outpace transient vacation rental occupancy rates by 10%.
- Eliminating all, or significantly reducing, legal transient vacation rentals will result in the demand for accommodation greatly exceeding the supply of accommodation which, in turn, will result in decreased tourism, leading to decreased TAT revenue, decreased GET revenue and decreased income for Hawaiians who are directly or indirectly employed in the tourism industry.
- Hotel lobbyists will talk about employees and jobs created. HB546 (2017 Session) proposes a TAT surcharge to provide state-subsidized housing for hotel-industry employees. Transient accommodation owners purchase goods and services from all manner of Hawaii businesses, and pay people competitively for their goods and services.

Thank you for the opportunity to testify on this measure.

Sincerely,

Neal Halstead  
President,  
Rentals by Owner Awareness Association



## COMMITTEE ON TOURISM

Rep. Richard H.K. Onishi, Chair, Rep. James Kunane Tokioka, Vice Chair

Rep. Romy M. Cachola

Rep. Takashi Ohno

Rep. Isaac W. Choy

Rep. Justin H. Woodson

Rep. Ken Ito

Rep. Gene Ward

Tuesday, February 7, 2017 9:00 AM

House Conference Room 429, State Capitol

### **TESTIMONY ON BEHALF OF AIRBNB RE: [HB1470](#).**

Dear Chair Onishi, Vice Chair Tokioka, and Members of the Committee:

I write in opposition to HB1470, the bill that we understand was crafted by Hilton Hotels.

The Hilton bill, put simply, is the height of self interest. This lengthy bill touches on all types of issues and yet *not one* provision in the bill would actually impact Hilton hotel or its interests. Hilton has put forward this bill purely in an attempt to overly restrict homesharing -- essentially removing enforcement from the local level and placing it with the state -- to kill what it sees as competition.

The Hilton bill is intended to hurt an industry that is helping provide extra income to many Hawaii residents, an industry which provides hundreds of millions of dollars in economic benefit to the state, and an industry that Hawaii residents clearly enjoy using based on the statistics I cited earlier. Is Airbnb taking away Hilton's business? Here are the facts. The US hotel industry just experienced its 82nd consecutive month of growth. Room rates have increased to the highest levels ever benchmarked. Hawaii tourism set new records in 2016 with the number of guests staying in hotels rising 4 percent over 2015. Hilton doubled its number of hotels in Hawaii in 2016 and Jerry Gibson of Hilton was quoted as saying "As a significant visitor increase correlates to an increase in spending, there's now a higher demand for lodging."

And just in the past couple days, Hilton CEO Christopher Nassetta, when asked by James MacGregor, publisher of the Washington Business Journal while at an economic symposium about the impact of Airbnb Inc., Nassetta said that big player [Airbnb] in the new "sharing economy" does not pose a major threat to the traditional hotel industry. Online lodging services cater to certain kinds of people -- those seeking longer stays, leisure weekends and economic value -- while 75 percent of Hilton's customers are business travelers, he said. "In a way, [Airbnb] is a democratization of travel," Nassetta said. "We're delivering a very consistent product wrapped in hospitality. In the end, it is very easy for us to coexist with one another." (emphasis added). Publicly they Hilton is saying one thing while legislatively they are taking a completely contrary tact.

We remain committed to partnering with the state and local governments. We are hopeful that you will adopt HB1471 to enable us to ensure our hosts pay their fair share of taxes. At the same time we are committed to working with all interested parties to make home sharing work for local communities and our hosts to the benefit of everyone.

Regards,



Matt Middlebrook  
Public Policy Manager



[http://www.insidenova.com/news/arlington/hilton-ceo-no-regrets-in-moving-hq-to-northern-virginia/article\\_b4c4b5a4-e937-11e6-ad0b-af99715add10.html](http://www.insidenova.com/news/arlington/hilton-ceo-no-regrets-in-moving-hq-to-northern-virginia/article_b4c4b5a4-e937-11e6-ad0b-af99715add10.html)

## Hilton CEO: No regrets in moving HQ to Northern Virginia

by BRIAN TROMPETER, Staff Writer Feb 2, 2017 Updated Feb 2, 2017



Hilton president and CEO Christopher Nassetta (right) tells Washington Business Journal publisher James MacGregor about the company's latest initiatives during "Mapping New Economic Opportunities," an economic symposium held Feb. 1 at the Fairview Park Marriott. (Photo by Brian Trompeter)

Christopher Nassetta, president and CEO of Hilton, says his decision seven years ago to uproot Hilton's headquarters from Beverly Hills, Calif., to Tysons was the toughest day in his career, as it meant laying off hundreds of people.

Most of the company's employees were on the East Coast, and Northern Virginia offered a high quality of life and extensive talent pool, Nassetta said Feb. 1 during "Mapping New Economic Opportunities," an economic symposium held at the Fairview Park Marriott.

"I had to reboot the hard drive," he said. "The company had become complacent and needed a massive disruption. If you want to reset a culture, change the people."

Asked by moderator James MacGregor, publisher of the Washington Business Journal, about the impact of Airbnb Inc., Nassetta said that big player in the new “sharing economy” does not pose a major threat to the traditional hotel industry,

Online lodging services cater to certain kinds of people – those seeking longer stays, leisure weekends and economic value – while 75 percent of Hilton’s customers are business travelers, he said.

“In a way, [Airbnb] is a democratization of travel,” Nassetta said. “We’re delivering a very consistent product wrapped in hospitality. In the end, it is very easy for us to coexist with one another.”

Nassetta predicted that as companies like Airbnb grow, they will be more heavily regulated on fire, labor, safety and handicapped accessibility, the way standard lodging providers are.



The travel-and-tourism industry abounds with economic opportunities and accounts for 10 percent of global gross domestic product, he said.


“The bigger we get, the more people we have,” Nassetta said. “We’re a huge engine for growth for economies all around the world.”

Freedom of travel fosters such economic benefits, said Nassetta, who indicated he would advocate for that with Trump administration officials, who are focused on national security.

“You can actually enhance security at the same time as easing travel,” he said, adding that a “massive amount of data sharing” would be required.



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 | 808-737-4977

 | 1259 A'ala Street, Suite 300  
Honolulu, HI 96817

February 7, 2017

**The Honorable Richard H.K. Onishi, Chair**

Senate Committee on Economic Development, Tourism, and Technology  
State Capitol, Room 429  
Honolulu, Hawaii 96813

**RE: H.B. 1470, Relating to Taxation**

**HEARING: Tuesday, February 7, 2017, at 9:00 a.m.**

Aloha Chair Onishi, Vice Chair Tokioka, and Members of the Committee,

I am Myoung Oh, Director of Government Affairs, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 9,000 members. HAR **opposes** H.B. 1470 which:

1. Allows hosting platforms registered with the department of taxation to act as tax collectors on behalf of the short-term rental lodging operators and applies the general excise tax on short-term rental lodging;
2. Requires hosting platforms to report detailed operator information, including addresses and number of booking transactions, with the filing of tax returns and requires short-term rental lodging operators to keep records of each booking transaction for a period of at least three years;
3. Limits the number of short-term rental lodging units that can be registered by any one operator and sets a cap of the number of nights permitted; and
4. Creates a surcharge on short-term rental lodging in the State to fund supportive services for Hawaii's homeless.


A transient accommodations broker is a person or entity, such as an online travel agency or booking site, that offers, lists, advertises, accepts reservations or collects payments for transient accommodations.

While HAR believes that the goal of this measure is to facilitate the collection of taxes, we believe it goes beyond that by inadvertently creating a catch-all definition of Hosting Platform:


"Hosting platform" means any person or entity that facilitates reservations or collects payments for a booking transaction on behalf of or for an operator through an online digital platform.





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Our REALTORS® members are in the business of servicing operators of short term rentals. Often times, they use an online digital platform to solicit businesses and clients and a regulated industry like real estate licensees may be inadvertently be pulled into compliance requirements as proposed in this measure.

Furthermore, HAR opposes Section 6 that imposes a surcharge of 4%. The GET and TAT already provides for funding to help county and state programs. This surcharge will not only be imposed on any “hosting platforms” but also be imposed to anyone using short term rental via a REALTOR in the business of servicing clients.

Finally, requiring REALTORS® and operators to ensure and attest compliance with applicable land use laws, zoning, and tax requirements prior to retaining the services of the “hosting platform” is unnecessary and an overburden to our members. We believe our regulated license imposes various compliance requirements, ethics, and standard of practice in the business of real estate.

Mahalo for the opportunity to testify in opposition.



Submitted By	Organization	Testifier Position	Present at Hearing
John Chang	Coalition for Equal Taxation	Oppose	No

Comments: OPPOSITION to HB1470 On behalf of the Coalition for Equal Taxation, please defer HB1470. HB1470 is a Bill to redefine the definition of Transient Accommodation Operators HRS 237D and creates a new definition as Short term Rental operators and then imposes a restriction of limiting rentals to 60 days per year and one unit. The goal of such redefinition is to segregate out one form of transient accommodation from the full definition as found in HRS237. The Bill states that its necessity is to eliminate "Commercial operators" without defining who or what a commercial operator is. It seems to imply that anyone renting longer than 61 days in the state and more than one unit would be a commercial operator. The Bill further concludes that this would be a cause for "high cost of living" and "homelessness." The properties that would primarily be affected if this bill were to pass are properties in resort zones who legally rent transient accommodations, and have done so for decades in this State. While the Bill is to purportedly remedy costs of living and homelessness, this Bill will have no affect on either. Properties in zoned resort/tourist zones if limited to 60 days to rent, will not turn into primary housing stock. The owners of most property in resort/tourist zones use their property as a second home and are part time residents of Hawaii - this obviously doesn't convert to housing stock. Nor does a person who may have owned their home in these destinations for decades (as most were built in the 1970, 1980) suddenly cause homelessness. The cause to effect cannot be connected in these circumstances. Additionally, a surcharge placed on one sector of transient accommodation because of a perceived cause of costs of living and homelessness, should be applied statewide. When it is being applied to one sector of commerce, but yet hotels are omitted, the imposition of this special taxation becomes more punitive in nature. Thank you for the opportunity to testify. John Chang Coalition for Equal Taxation



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

**LATE**

Testimony of

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

House Committee on Tourism

House Bill 1470

Chair Onishi, Vice Chair Tokioka and committee members, mahalo for the opportunity to offer this testimony on behalf of the more than 700 members of the Hawai'i Lodging & Tourism Association.

House Bill 1470 is a major priority bill for the Hawai'i Lodging & Tourism Association. The HLTA supports this measure, as we did a similar measure last session, which would allow online hotel and vacation booking companies to collect the Transient Accommodation Tax and General Excise Tax on behalf of the Department of Taxation.

It is the goal of the hospitality industry, which we represent, to ensure a level playing field for all visitor accommodations, from the traditional hospitality businesses to the alternative accommodations offered online. There are an estimated 25,000 alternative accommodations in the Hawaiian Islands competing with hotels, resorts, timeshares, and bed-and-breakfasts, except that the majority of them are most likely avoiding our 9.25 percent Transient Accommodations and General Excise taxes.

Rather than outlaw these transient vacation units, or raise the TAT, the state government should collect the estimated \$100 million in taxes now being avoided. On top of this our industry has expressed the desire to create parity amongst the short term online rental market and our conventional accommodations, these caveats are amply addressed within this bill which covers the issues of online operator transparency, the inclusion of county zoning and regulations as well as ample registration and enforcement on behalf of the Department of Taxation.

This bill will help us achieve a level playing field in regards to collecting taxes owed, as well as providing for greater accountability for hosting platforms and their operators.

We urge your approval of House Bill 1470.

Mahalo.



H.B. 1470  
Hearing Date: February 7, 2017  
Hearing Time: 9:00 a.m.  
Hearing Location: Conference Room 429

Gerard C. Gibson  
Area Vice President

Testimony in Support of H.B. 1470

Dear Chair Onishi and Members of the Committee on Tourism:

Hilton writes to express our strong support for H.B. 1470, relating to taxation and short-term rental lodging. Hilton supports the proposed legislation for the following reasons.

First, the proposed legislation advances transparency and compliance with existing laws by requiring registration of short-term rental lodging units and operators as part of the transient accommodations tax registration process. The bill also contains record retention requirements and detailed reporting requirements with respect to the underlying booking transactions in connection with general excise and transient accommodations tax returns. These requirements, together with the Department of Tax's authority to conduct audits, allow the State to determine whether short-term rental lodging operators and hosting platforms are properly reporting and remitting all taxes due. The proposed legislation would prohibit any short-term rental lodging unit from being listed on an online hosting platform until the operator of the unit first demonstrates to the hosting platform that the operator and the unit are in compliance with applicable laws, including by providing the hosting platform with the unit's registration number and by attesting to compliance with applicable land use, zoning, and tax requirements.

Second, the proposed legislation includes measures aimed at eliminating illegal short-term rentals. Hopefully, the proposed legislation will mitigate the serious decrease of affordable rental housing available for Hawaii's residents. The bill also provides direct assistance to Hawaii's homeless by generating revenues for supportive services and housing for chronically homeless.

Third, the proposed legislation would create greater parity by strengthening enforcement of general excise tax, transient accommodations tax, and land use laws with respect to hosting platforms and short-term rental operators. Like hotels, motels, and other transient accommodations, hosting platforms and short-term rental operators should also pay the applicable taxes and comply with land use laws.

Thank you for your consideration of Hilton's position.

Mahalo nui loa,

Gerald C. Gibson  
Area Vice President  
Hilton HI, NW, AZ and LV



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**LATE**



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H.B. 1470

Hearing Date: February 7, 2017

Hearing Time: 9:00 a.m.

Hearing Location: Conference Room 429

Testimony in Support of H.B. 1470

Dear Chair Onishi and Members of the Committee on Tourism:

Marriott writes to express our strong support for H.B. 1470, relating to taxation and short-term rental lodging. Marriott supports the proposed legislation for the following reasons.

First, the proposed legislation advances transparency and compliance with existing laws by requiring registration of short-term rental lodging units and operators as part of the transient accommodations tax registration process. The bill also contains record retention requirements and detailed reporting requirements with respect to the underlying booking transactions in connection with general excise and transient accommodations tax returns. These requirements, together with the Department of Tax's authority to conduct audits, allow the State to determine whether short-term rental lodging operators and hosting platforms are properly reporting and remitting all taxes due. The proposed legislation would prohibit any short-term rental lodging unit from being listed on an online hosting platform until the operator of the unit first demonstrates to the hosting platform that the operator and the unit are in compliance with applicable laws, including by providing the hosting platform with the unit's registration number and by attesting to compliance with applicable land use, zoning, and tax requirements.

Second, the proposed legislation includes measures aimed at eliminating illegal short-term rentals. Hopefully, the proposed legislation will mitigate the serious decrease of affordable rental housing available for Hawaii's residents. The bill also provides direct assistance to Hawaii's homeless by generating revenues for supportive services and housing for chronically homeless.

Third, the proposed legislation would create greater parity by strengthening enforcement of general excise tax, transient accommodations tax, and land use laws with respect to hosting platforms and short-term rental operators. Like hotels, motels, and other transient accommodations, hosting platforms and short-term rental operators should also pay the applicable taxes and comply with land use laws.

Thank you for your consideration of Marriott's position.

Mahalo nui loa,

Chris Tatum  
Area General Manager  
Marriott Hawaii



**LATE**



*Eric W. Gill, Financial Secretary-Treasurer*

*Gemma G. Weinstein, President*

*Godfrey Maeshiro, Senior Vice-President*

Monday, February 7, 2017

House Committee on Tourism  
Hawaii State Legislature  
State Capitol  
415 South Beretania Street

Re: HB 1470

Aloha Chair Onishi, Vice Chair Tokioka and committee members,

UNITE HERE Local 5 – a local labor organization representing 11,000 hotel, health care and food service workers throughout Hawaii would like to register our support for HB 1470 and would request there be one amendment.

Today, there are an estimated 33,000 vacation rentals throughout Hawaii. In two years that number will grow to 40,000. Regardless of what Airbnb or their commissioned reports say, vacation rentals are taking away from our housing stock, making our statewide housing crisis worse.

We need strong language in this bill that protects the counties' ability to enact effective enforcement measures.

Having said that, and while we support HB 1470 and the idea of it being more of a comprehensive bill connected to the regulation of vacation rentals and affordable housing, we would respectfully request that the following underlined language be added to Section 9 of the current bill.

“Section 9.

Except as expressly provided herein, this Act is not intended to preempt or otherwise limit the authority of counties to adopt, monitor, and enforce local land use regulations, nor is this Act intended to transfer the authority to monitor and enforce such regulations away from the counties. Operators and plan managers shall be subject to all county, city, and town laws or ordinances, and rules and regulations thereunder, regulating short-term rentals, vacation rentals, or bed and breakfast lodging within their jurisdictions.”

This language is important as it would ensure our counties can continue to address the issue of enforcement as it relates to vacation rentals.

Finally, we believe that there are at least four key elements that would need to be included in whatever measure gets passed as it relates to vacation rentals.

- As previously mentioned, we must not preempt the counties' ability to enact good regulations;
- Rental operators should be required to certify to the tax collection broker that they are operating legally and provide documentation to back that up;
- We should ensure that it complements – and does not nullify – Act 204 in allowing the state to hold operators accountable; and
- Tax collection brokers should be required to operate transparently by providing lists of names and addresses of operators to the State so the State can verify the money it is collecting reflects reality.

Thank you.



February 6, 2017

RE: HB 1470

**Oppose:** Limits the number of short-term rental lodging units that can be registered by any one operator and sets a cap of the number of nights permitted.

**Support:** support of hosting platforms acting as tax collectors.

We are a small company based on the Island of Hawaii. We employ directly over full time twenty people, provide health care and 401K benefits to all. Indirectly, we provide 1099s to plumbers, electricians, cleaners, handymen, and of course to home owners.

We provide property management services to people who own vacation properties, and we ensure all the revenue is accounted, reported and all taxes are paid. These people visit their second homes anywhere from a minimum two week stay, all the way up to six months at a time. They cannot or do not lease the property out on a long term basis as they want the property available for their own use or they will sometimes allow family and friends to stay in the home.

By allowing tourists to rent on a short term basis, these homes provide affordable accommodation options for tourists wishing to visit the islands. These options assist in brining additional tourists to the island contributing to the GE and TA tax base as well as increasing the demand for meals, transport, activities, etc.

We support the tax collection portion, as we believe there are many people that do not have a GE and TA Tax license, and this would even that playing field.

We do oppose any limits on nights or operators, as the limits are already governed by the TA tax guidelines. Rentals over 180 nights are exempt from TA but require GE.

Mahalo

Ted Klassen

Kona Coast Vacations

74-5565 Luhia Street

Kailua Kona, HI 96740

808-329-2140

The Twenty-Ninth Legislature  
Regular Session of 2017



THE HOUSE

Committee on Tourism

Representative Richard H.K. Onishi, Chair

Representative James Kunane Tokioka, Vice Chair

State Capitol, Conference Room 429

Tuesday, February 7, 2017; 9:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1470  
RELATING TO TAXATION**

The ILWU Local 142 supports H.B. 1470, which allows hosting platforms registered with the department of taxation, to act as tax collectors on behalf of the short-term rental lodging operators and applies the general excise tax on short-term rental lodging. It further requires hosting platforms to report detailed operator information, including addresses and number of booking transactions, with the filing of tax returns and requires short-term rental lodging operators to keep records of each booking transaction for a period of a least three years.

H.B. 1470 clearly establishes a structure for hosting platforms to collect taxes that are due and owing from short-term rental operators. The bill also creates clear disincentives, both civil and criminal, to prosecute those who illegally attempt to profit from short-term rental lodging activity without complying with State and County laws.

For those who attempt to become operators, without complying with all land use, zoning, and tax laws, including all applicable county ordinances, strict and substantial fines, as well as misdemeanors are consequences that are provided in the bill. These penalties should lead to lessening the number of illegal operators and convincing a number of them to become compliant, legal operators of short-term rental lodging. Because of the high cost of housing in Hawaii, lessening the number of illegal units on the market will provide a clear benefit for our State.

H.B. 1470 also provides for greater accountability by requiring that the hosting platform provide detailed information about the operators they represent to the tax department. This information, including names, addresses, and general excise tax number of each operator, and the address of each rental unit, the total number of booking transactions, the total number of days rented, and the gross rental or gross rental proceeds, will allow the department of taxation to track the revenues from these activities more accurately. The information will also allow better monitoring of the short-term rental lodging industry.

It is estimated that a substantial amount of revenues is being lost to the State due to the number of illegal units on the market. Under H.B. 1470 some of the additional revenues that would be collected will assist in dealing with the homeless challenge. Adjustments in both the GET and TAT as they apply to the short-term rental lodging industry should increase the level of the State's General Fund.

H.B. 1470 will contribute to improving the situation in our state by (1) addressing the problem of illegal operators in the short-term rental lodging industry, and (2) helping to provide additional revenues to address the many needs of our state.

The ILWU urges passage of H.B. 1470. Thank you for the opportunity to share our views and concerns on this matter.



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HOUSE OF REPRESENTATIVES  
THE TWENTY-NINTH LEGISLATURE  
REGULAR SESSION OF 2017

COMMITTEE ON TOURISM  
Representative Richard H K Onishi, Chair

**LATE**

2/7/2017  
Rm. 429, 9:00 AM

HB 1470  
Relating to Tourism

Chair Onishi and Members of this Committee, my name is Max Sword, here on behalf of Outrigger Hotels Hawaii, to testify in support of HB 1470.

HB 1470 includes several provisions, which we support as a comprehensive overall approach to the issue of full compliance with tax and regulatory requirements by Transient Vacation Unit (TVU) operators, advertisers and others. It retains HRS 237D-4 unchanged; we consider that provision, which requires each and every individual TAT number posting in any TVU online ad, to be crucial to one of our main goals of full transparency. It allows for the verification of tax collection through mandatory detailed information to be provided to the State Department of Taxation (subpart (4), pp. 6-7).

It also includes detailed requirements for proof of compliance with local TVU operation laws, and imposes substantial fines and penalties for those who do not comply with the provisions of this bill. We are also supportive of section 4, which would allocate such fines and penalties directly to DoTax special enforcement section, thereby meeting one of our main goals of providing DoTax the resources it needs to assure that TVUs are in full legal compliance.

We do believe that section 6, paragraph (e), which would impose a 4% surcharge on TVU bookings to be directed to housing and support services for the homeless, requires further discussion. Our industry has dedicated major resources to such programs through trade entities such as the Hawaii Lodging and Tourism Association, and we support appropriate dedicated government funding.

However, as we believe the goal of such programs is not exclusively one for the visitor industry to address. If any visitor industry taxes were utilized directly for these or any other worthwhile broader community effort, we believe it should come from that portion of the Transient Accommodations Tax allocated to the state general fund (without reducing the portion allocated to visitor industry marketing through the Hawaii Tourism Authority and Convention Center).

Thank you for allowing me to testify.



February 6, 2017

**LATE**

Representative Richard Onishi  
Chair, Committee on Tourism  
Representative James Tokioka  
Vice Chair, Committee on Tourism  
Members of the Committee

RE: HB 1470 - Testimony in Favor

Good afternoon. My name is Jason Ito, Director of Labor and Community for Kyo-ya Management Company, Ltd. We represent the Osano family in Honolulu, and asset manage the properties of the Sheraton Waikiki, Royal Hawaiian, Moana Surfrider, Princess Kaiulani, and the Sheraton Maui in the State of Hawaii.


I am providing testimony in favor of HB 1470, subject to further review of section 6 and section 7 regarding to the proposed rates.

Our hotel industry and the collection of the GET and TAT has been impacted with rental lodging units in the State of Hawaii, which compete with our pure hotel room accommodations. We create job opportunities towards long term employment and taking care of our employees, and we continue to strive to be great stewards of our hospitality industry in the perpetuation of our Hawaiian culture, and our community. With airline seat projections being flat, year-over-year, these types of alternative accommodation bookings impact us from increasing the collections of the GET and TAT as they compete for the airline seats and take away hotel accommodation reservations, which eventually impact hotel occupancies and job creation opportunities. Nevertheless, we recognize that Hawaii and other States do not have an approach or long term solution, and, in the interim, the importance to increase taxable income to the State must be addressed in order for both the Legislative and Executive branch to continue supporting the needs of our community.

We in the hotel industry continue to maintain vigilantly, the safety and security of our destination, which continues to support our repeat visitors to the islands. We hope that through this process of SB-1202, the same will be created and developed for the betterment of our neighborhood communities.

Aloha,

HB 1470

  
Jason Ito

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Matthew Hubner	Individual	Oppose	No

Comments: Dear Members of the Committee, I am writing to provide testimony in opposition of the revisions proposed in HB 1470. As an owner of a vacation rental on the island of Hawai'i, I fully support measures for the state to more-efficiently collect taxes. Allowing the vacation rental platforms to collect and remit taxes may be an appropriate measure; however, the proposed language in this Bill creates an ambiguous new definition of "short-term lodging" and has further ramifications of imposing 60 night limits on those forms of lodging (appearing to include vacation rentals). This would end many small businesses in my community, which provides lodging for many of the guests who visit Hawai'i Volcanoes National Park. Because of such hardships, I ask you to OPPOSE this Bill in its current form. Sincerely, Matt Hubner



<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Elen Stoops	Individual	Oppose	No

Comments:

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sandy Simonian	Individual	Oppose	No

Comments:

## Testimony in opposition to HB1470

Regarding the purpose (1) of this act to “eliminate illegal short-term rental lodging...” Short-term rentals should be regulated, and this is what most operators want, and what the City should embrace. They are not trying to be “illegal”. Most are paying their GE and TA taxes. Because there is no breakout of transient accommodations tax income, the City and State really don’t know what percentage of these people are paying their taxes and how much income these properties are actually bringing in. They can only guess.

Many more tourists want to stay in alternative housing and will go to another vacation destination if these housing choices are not offered here, and owner-occupied short-term vacation rental housing should be legalized. This has been plainly and repeatedly stated by Local 5, as well as by other organizations that have spoken out against short-term rentals. Remember, too, there is a difference in the owner/operator and the commercial investor.

Regarding the purpose (3) of this act to “increase tax revenues through a general excise tax on short-term rental lodging operators.” The operator already collects the GE, rail surcharge and TA taxes from the renters.

Regarding the purpose (5) to “limit the number of units that can be registered for short-term rental use by any one operator,” do you propose having the hosting platform be responsible for this? How? Are they supposed to look into the legal holdings of the properties? Regarding the rest of (5) which goes on to “cap the number of nights permitted for short-term rental lodging use,” this is very unclear. As of now, the few legal short-term rentals do not have a cap on the nights they can rent. Are you planning on amending these licenses? If you plan to cap nights, you would need to go into more detail on how a fair number could be worked out. There is nothing in this bill addressing this issue.

Regarding the purpose (6) regarding the “advertisement de-listing from hosting platforms of short-term rental lodging that fail to comply with local and state laws”, exactly what laws are we referring to? Building laws? Licensing laws? Which in particular? This is very unclear and unenforceable.

Regarding the purpose (7) to “create a surcharge on short-term rental lodging in the State to fund supportive services for Hawaii’s homeless,” implies a direct correlation between short-term rentals and homelessness. Although this has not been proven, I nevertheless think that a portion of the TA tax should go towards helping support housing for Hawaii’s underprivileged and lower income people, as well as to the parks, beaches and recreational areas which tourists are now thronging to.

As discussed in **237D-2** regarding charging another surcharge of 4 percent tax for supportive services for housing with 8 percent of that going to enforcement of that surcharge, this is overtaxing, and you may find visitors not willing to pay this extra tax and finding alternate destinations.

Regarding **237D-4**, why are the fees so low for registering with the State? Is a married couple allowed to register only one unit between them because it would be under “common control” or would they be allowed one each? Does this mean you will be giving out NEW registrations? What about LLC’s and other legal

I understand how the “operator” can show the online platform they are in compliance with land use and tax requirements, but what about zoning requirements? Almost every property on Oahu is in violation of zoning requirements.

Section (l) limits short-term rental lodging use not to exceed 60 calendar days total per year for each registered rental lodging unit. This is totally ridiculous. It would not be cost effective, and here you have empty housing when you could be actually housing visitors and creating income to the homeowner and tax to the State.

Question regarding (m) on the owner not residing in the dwelling when it has received the benefit of a “solar installation”. What exactly is a “solar installation?” Solar hot water and/or PV? What if the owner lives on the property and there is an Ohana unit which he/she is renting out which has a PV installation on the roof which he/she has received Federal/State rebates for? Does this disqualify the rental unit or are you just referring to any occupant who has received affordable housing assistance?

Lois Crozer  
Kailua

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lois Crozer	Individual	Support	No

Comments: This seems like a fair bill. I agree 100% for monies from TA taxes on accommodations to be allocated towards repairing infrastructure and "protection, preservation, maintenance, and enhancement of natural resources," which are important to the visitor industry. Our aina is being overrun by tourists (and locals) wishing to get out into "nature" and see the "hidden Hawaii". Now all we need to do is legalize and regulate the short-term industry so that the taxes can be utilized.

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Frances Nuar	Individual	Oppose	No

Comments:

HOUSE OF REPRESENTATIVES  
THE TWENTY-NINTH LEGISLATURE  
REGULAR SESSION OF 2017

**COMMITTEE ON TOURISM**

Rep. Richard H.K. Onishi, Chair

Rep. James Kunane Tokioka, Vice Chair

**NOTICE OF HEARING**

Tuesday February 7, 2017 at 9:00 AM

Conference Room 429

State Capitol

415 South Beretania Street

**TESTIMONY IN SUPPORT OF HB 1470**

Honorable Chair Richard H.K. Onishi, Vice-Chair James Kunane Tokioka and members of the committee, my name is Shelley Soong, a graduate student, and a staff member of the University of Hawai'i at Mānoa's John A. Burns School of Medicine's Department of Native Hawaiian Health. I wish to submit this testimony in support of HB 1470. This bill would allow hosting platforms registered with the department of taxation to act as tax collectors on behalf of the short-term rental lodging operators and applies the general excise tax on short-term rental lodging.

I support this bill for numerous reasons:

- Hawaii housing and rental prices, in addition to homelessness continue to increase while the State of Hawaii continues to welcome tourism and vacation rentals. The Hawaii Tourism Authority did a study that found that Hawaii resident perception of tourism is at its lowest point ever (Hawaii Tourism Authority, 2015).
- There is a correlation of increase in vacation rental activity and major decline of available residential rental listings (Department of Business, Economic Development & Tourism, 2015).
- Supporters of short-term rental lodging justify that short-term rentals are not a negative impact on economically disadvantaged or homelessness in Hawaii because the residents they use as short-term rental lodgings are “high-end” houses not within range of economically disadvantaged or “homelessness” in Hawaii; however, this is false because the poor will not only be directly impacted, they will be the most impacted.
- If a high-priced house is no longer on the rental market and becomes a vacation rental, that occupant takes their financial resources to a slightly lower cost house and displaces someone from that rental price range, that displaced individual (or family) moves into a slightly lower cost house and displaces another individual (or family), and this continues until an individual (or family) in the lowest rental price range is displaced and ends up with no affordable housing and homeless.
- This bill would require hosting platforms to report detailed operator information, including addresses and number of booking transactions, with the filing of tax returns and requires short-term rental lodging operators to keep records of each booking transaction for a period of at least three years. Limits the number of short-term rental lodging units that can be registered by any one operator and sets a cap of the number of nights permitted. Creates a surcharge on short-term rental lodging in the State to fund supportive services for Hawaii's homeless.

Thank you for your consideration.

Respectfully submitted by,

Shelley Soong



<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Pamela Polland	Individual	Oppose	No

Comments: I'm a small business owner and I oppose this bill.

Submitted By	Organization	Testifier Position	Present at Hearing
Helen Petrovitch	Individual	Oppose	No

Comments: I strongly oppose house bill 1470. House bill 1471 should be passed instead. The small but very loud opposition to alternative lodging has accused vacation rental owners of not paying taxes. House bill 1471 would go a long way to make certain that this does not happen. Bill 1470 with its additional requirements for hosting platforms to report detailed operator information would make the whole process of tax collection by hosting platforms unrealistically complicated. There should not be other impediments such as limiting the number of units and operator can register and setting a cap on the number of nights rentals are permitted. These issues can be better dealt with at the time that permits are again being issued for short term rental. HB 1471 will benefit the state of Hawaii by relieving individual hosts of figuring out complicated and burdensome tax regulations and allowing Airbnb and other organizations such as VRBO to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of the individual hosts. This is estimated to provide an estimated \$15 million or more in revenue for the state of Hawaii. Airbnb is already successfully doing this in 190 other jurisdictions. This bill will help the Department of Taxation (DOTAX) achieve compliance goals, because contrary to what the opposition says, Airbnb - would assume full legal liability for all transactions on the platform, and DOTAX would retain full audit and subpoena authority. This issue of collecting taxes is really not related to the issue of enforcement of zoning laws in the case of unregulated rentals. That is the business of the city and county and the Department of Planning and Permitting. The important thing for the state of Hawaii is to ensure that our state receives all possible GET and TAT revenue. Failing to pass HB 1471 and instead passing 1470 will make it more likely that Hawaii does not receive the full benefit of these funds.

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
sydney smith	Individual	Oppose	No

Comments: You're going to Tax us to death. I didn't vote for Donald Trump. But the reason he was elected is because people were fed up with too much regulations and taxes. You're going to push people too far here. Maui has only one industry left, tourism. And we get just a small percentage of the TAT Tax which was passed originally to help local communities pay for infrastructure improvements. Why would we want to increase it when we get little or no benefit. Vote no on this!

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
gina letourneur	Individual	Oppose	No

Comments: I strongly oppose this boll

Representative Richard H.K. Onishi, Chair Representative James Kunane Tokioka, Vice Chair Committee on Tourism

Charles C. Frost  
1512 Halekoa Drive  
Honolulu, HI 96821  
(207) 641-7199



Tuesday, February 7, 2017

Opposition to H.B. 1470

Honorable Chair, Vice Chair and Committee Members:

My wife Janice Grow-Maienza and I have operated a short-term rental small business at our home since retiring from university teaching in 2013. We are empty-nesters living in an ohana apartment at street level, renting out the lower floors and pool house when not occupied by visiting family members.

Typically our guests are multi-generational family groups who wish to do their own cooking in our facilities (Asian and Hispanic). For the past three years we have hosted groups of 6-8 nursing students from a Canadian university, who use our facilities as dormitory and classroom while learning the philosophy and methods of native Hawaiian healing arts. We have also hosted a couple who came to Honolulu to finalize proceedings for adopting a child from the Marshallese community. Such groups prefer a home setting to a hotel. Our hillside property does not fit the description of ordinary rental accommodation.

We engage pool maintenance, cleaning, and other maintenance services, as well as landscaping services that provide employment to an extended Filipino family.

We rely on platform services such as Airbnb to bring in rental bookings. To date we have paid General Excise and Transient Accommodation taxes ourselves and firmly believe that other operators should pay taxes on their earnings. We stand ready, however, to register with Airbnb (and other services we use) to collect our taxes for you and, to that end, to provide our names and tax registration numbers to the Hawaii Tax Collector to ensure compliance. Our books of account are open for inspection by authorized representatives of the Department of Taxation.

We believe that the restrictive provisions of this bill poorly relate to the central purpose of this bill -- to ensure that the State of Hawaii receives taxes due to it.

Thank you for this opportunity to testify.

/s/ Charles C. Frost