

STAND. COM. REP. NO. 2088

Honolulu, Hawaii

FEB 08 2018

RE: S.B. No. 3089

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Public Safety, Intergovernmental, and Military Affairs, to which was referred S.B. No. 3089 entitled:

"A BILL FOR AN ACT RELATING TO CERTIFICATES OF CONVEYANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to allow counties to enact ordinances that require the grantor of real property to include in the certificate or certificates of conveyance a statement regarding whether granted real property that is located within the county may be used for short-term rentals under the county's zoning or land use ordinances.

Your Committee received testimony in support of this measure from the Department of Planning and Permitting for the City and County of Honolulu. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the expansion of short-term rentals into residential areas threatens the safety and security of the public. The use of short-term rentals in areas not zoned for such use is a growing concern in the State. While owners of short-term rentals often operate them in knowing violation of county ordinances, many operators of short-term rentals are not aware that this practice is prohibited in their given area. This measure attempts to make clear the legality of using a property for short-term rentals by allowing the counties to require the grantor of real property to include in the certificate or



certificates of conveyance a statement regarding whether the granted property may be used for short-term rentals.

However, your Committee notes the concerns raised by the Tax Foundation of Hawaii regarding the provisions of this measure relating to documentary proof of the short-term rental status of a property. First, the measure allows counties to require self-certification by the grantor of real property regarding the short-term rental status of the subject property. A third party reviewing a self-certification may be unsatisfied and instead insist upon certification from a government authority. Second, the measure calls for the documentation of short-term rental status to be created at the time a property is bought or sold, thereby creating a potential time frame in which ordinances may change before a property owner decides to use the property as a short-term rental. Additionally, if the property is leased rather than sold, a lessee might not even have documentation of the short-term rental status of the property under this measure.

Further, your Committee notes the testimony from the Tax Foundation of Hawaii suggesting that a better way to accomplish the goals of this measure may be to have the counties employ a process similar to the tax clearance process administered by the Department of Taxation. Therefore, your Committee suggests that if your Committee on Ways and Means chooses to hear this measure, your Committee on Ways and Means consider the viability of the counties using the tax clearance process to accomplish the goals of this measure.

As affirmed by the record of votes of the members of your Committee on Public Safety, Intergovernmental, and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3089 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.



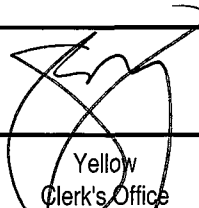
Respectfully submitted on  
behalf of the members of the  
Committee on Public Safety,  
Intergovernmental, and Military  
Affairs,

  
\_\_\_\_\_  
CLARENCE K. NISHIHARA, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Public Safety, Intergovernmental, and Military Affairs**  
**PSM**

Bill / Resolution No.:* <b>SB 3089</b>	Committee Referral: <b>PSM, WAM</b>	Date: <b>2/2/18</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
IHARA, Jr., Les	✓			
THIELEN, Laura H.				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

\*Only one measure per Record of Votes