

SB2641

Measure Title: RELATING TO TRANSIENT ACCOMMODATIONS.

Report Title: Transient Accommodations; Local Contact

Description: Requires transient accommodations operators to designate local contacts who are licensed real estate brokers or salespersons.

Companion: [HB1872](#)

Package: None

Current Referral: CPH

Introducer(s): BAKER (Introduced by request of another party)

DAVID Y. IGE
GOVERNOR

DOUGLAS S. CHIN
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To: The Honorable Rosalyn H. Baker, Chair
and Members of the Senate Committee on Commerce, Consumer Protection, and
Health

Date: Tuesday, February 20, 2018
Time: 9:00 A.M.
Place: Conference Room 229, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation



Re: S.B. 2641, Relating to Transient Accommodations


The Department of Taxation (Department) offers the following comments on S.B. 2641 for the Committee's consideration.

S.B. 2641 amends the Transient Accommodations Tax Law by requiring the local contact designated for a transient accommodation or resort time share vacation unit be a real estate broker or real estate salesperson licensed under Hawaii Revised Statutes chapter 467. The bill is effective upon its approval.

The Department notes that it is able to administer the changes in this measure. Thank you for the opportunity to provide comments.



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 | 1259 A'ala Street, Suite 300
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February 20, 2018

The Honorable Rosalyn H. Baker, Chair

Senate Committee on Ways and Means
State Capitol, Room 229
Honolulu, Hawaii 96813

RE: Senate Bill 2641, Relating to Transient Accommodations

HEARING: Tuesday, February 20, 2018, at 9:00 a.m.

Aloha Chair Baker, Vice Chair Tokuda and Members of the Committee,

I am Ken Hiraki, 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 almost 9,500 members. HAR strongly supports Senate Bill 2641 which requires transient accommodations operators to designate local contacts who are licensed real estate brokers or salespersons.

Under the Landlord-Tenant Code, Hawai'i Revised Statutes (HRS) §521-43, it requires an owner or landlord who resides out of State or on another island from where the rental unit is located to designate on the rental agreement an agent residing on the same island where the unit is located to act in the owner's or landlord's behalf. As such, transient accommodations that are not exempt, such as a hotel fall under the Landlord-Tenant Code ("Code").


Additionally, HRS §237D-4, provides that a local contact's name, phone number, and electronic mail address of the local contact shall at all times be conspicuously displayed in the same place as the registration or the same place as the notice stating where the registration may be inspected and examined.


Under the Code, the landlord or landlord's agent has a duty to the tenant to ensure the property is in a clean and safe condition or to be responsive to emergency repairs and conditions affecting health and safety. Unfortunately, local contacts that are chosen may not understand their duties and responsibilities under the Code.


As such, a real estate licensee can provide a crucial consumer protection role that can be missing from short-term vacation rentals. A real estate licensee must be knowledgeable about laws and regulations involving the Landlord-Tenant Code. Furthermore, a real estate licensee owes fiduciary responsibilities to their client and thereby can serve as a point of contact to address any concerns by the tenant. Additionally, a real estate licensee will be able to provide





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professional help to deal with an emergency, such as if a plumbing pipe bursts or unforeseen damage occurs to the property.

Mahalo for the opportunity to testify in strong support of this measure.



SB-2641

Submitted on: 2/19/2018 11:32:42 AM

Testimony for CPH on 2/20/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Deal	Testifying for Kauai Board of Realtors	Support	No

Comments:

February 20, 2018

The Honorable Rosalyn H. Baker, Chair

Senate Committee on Ways and Means

State Capitol, Room 229

Honolulu, Hawaii 96813

RE: Senate Bill 2641, Relating to Transient Accommodations

HEARING: Tuesday, February 20, 2018, at 9:00 a.m.

Aloha Chair Baker, Vice Chair Tokuda and Members of the Committee,

I am Chad Deal, Government Affairs Director for the Kaua`i Board of REALTORS® "KBR", the voice of real estate on Kaua`i, and its 540 members. "KBR" STRONGLY SUPPORTS SB2641 which requires transient accommodations operators to designate local contacts who are licensed real estate brokers or salespersons.

Please see attached letter from a vacationer who told me his "horror" story on a flight from Kaua`i to the mainland.

One more reason vacation rentals need to be regulated for consumer protection.

Notes:

Website: <https://www.airbnb.com/rooms/18429838>

Sunday, May 7, 2017

We arrived on the island. Brick called our "host", Candy. When she answered the phone, she asked, "Are you here?"

Brick replied, "Yes, we're picking up our rental car, and we'll be there in about an hour."

When Candy said, "Ok," Brick said, "We'll see you soon..." Candy replied only with, "OK".

Brick said "Goodbye" and hung up.

We arrived, and found the property. Several efforts to contact Candy failed, so we approached the property. From the outside, it looked a bit shabby, like a shack that had been hastily added on to an old pre-fabricated 1-room cottage.

The door was unlocked, and we went inside. At first glance, I thought we had entered the wrong property. It was quite bare, with two bedrooms, and one bathroom around a central room that served as a pseudo-kitchen and lounge area. Two small sofas faced each other, about four feet apart, and at one end, a battered cabinet held a flat-screen TV.

At the other end of the room, pieces of 2x4 framing lumber had been cobbled together to form a sort of stand that supported a sink and a 2'x3' piece of plywood, presumably meant to be a countertop/drainboard. On it was a motley collection of utensils, consisting of a few dishes, a couple of knives, forks and spoons, and a small ceramic cutting knife.

Nearby stood a gas stove that looked questionable at best. The top was wiped mostly clean, and it held a cheap aluminum soup pot and a similar frying pan, both of which had seen better days, as evidenced by the grease burnt onto the surfaces.

The oven was a symphony of grime. A single metal frying pan sat in the bottom, lined with a square of aluminum foil, layered with a quarter-inch of old grease. The oven itself was sticky with grease, the glass door opaque from apparent years of splatters and splashes, baked into the glass and burned to a sickly-looking yellow brown.

Nearby, the kitchen wall sported a fair-sized hole, and the floors were splattered with paint and in need of a good cleaning. The kitchen windows were large and covered only by screens loosely placed in the openings, ready to fall out at the slightest touch. One jalousie slat remained, a single glass piece clinging to its place, a reminder of its long-lost brethren.

The refrigerator was basic and straightforward, clean enough, and stocked with two small bottles of water.

The bathroom was large, and appeared clean. A 3-foot mirror stood on the floor, leaning against the wall where it served to reflect one's feet and legs quite nicely. There was no toilet paper, shampoo or soap, problems that can

be easily remedied with a trip to the local market.

Neither of the bedrooms bore any resemblance to the pictures on the website. Double beds were loosely draped with sheets and a blanket. The only air-conditioning in the entire building was a small unit in the larger bedroom that had been hastily shoved into an open window, and trimmed with a piece of thin plastic. Two hours at full power had little effect on the temperature in the room thanks to the gaps around the windows and illfitting doors.

Our search for a washer/dryer ended when we managed to pry open the French doors on the large bedroom. Outside was a small covered area filled with someone's belongings: some cabinets, boxes, bags and an assortment of tools and other detritus stacked around a washer and dryer.

We were very disappointed, but tried to remain positive, thinking we could make it work well enough. Our primary concern was that we had no way to secure the property, both against harm to our persons, and against theft. There were locks on two of the three entrances, (the French-doors in the bedroom were poorly secured with a small bolt at the top of the door; they could be shoved open from the outside with little effort.) With no keys for the locks and missing windowpanes in several places, we needed our host to address these issues.

My efforts to call Candy were met with voicemail message that said, "This person's mailbox has not been set up!" I couldn't leave a message, and she wasn't answering her phone. I called six or seven times, and each time I called, it rang and rang and rang, then went to the voicemail message. Persistence paid off, and eventually I was able to reach Candy. I explained that we needed a key to lock the doors. She replied, "Oh... well the last people who rented the place took the keys with them."

I waited for more, but received only silence. Apparently, she felt that her explanation was enough and needed no further discussion. So, I said, "Nevertheless, we need a key to secure the property. Can you please bring us a key?"

Candy replied, "Well, I don't have any extra keys. I might be able to have one made and bring it to you tomorrow."

I was shocked at her apparent indifference to the issue, and I explained that I need to be able to secure the property because we have expensive belongings, including electronics, that we cannot risk being stolen. In addition, I explained that we wanted to be able to sleep feeling that we were secure and safe from intruders. I went on to explain that we could not wait until the next day to secure the property.

Candy replied, "Well, I'm in Lihue right now. I guess I could go the WalMart. I think they can make a key, and I might be able to get it to you later today. But nobody is going to go in the house or steal any of your stuff!"

I held my frustration in check, and calmed myself down before replying, "Nevertheless, I don't feel comfortable leaving my things here unsecured. Can you please bring a key?"

Candy went on to tell me that her in-laws live in the yellow house on the

next property, and that the house across the street was vacant. I'm not sure if it was meant to change the subject, or to somehow reassure me that my belongings would be safe. Either way, it didn't make me feel any better. So I told her that we were leaving to buy supplies, and asked her to please bring us a key. "If we aren't here," I told her, "just leave it on the kitchen table."

We left the property to find groceries, toilet paper, shampoo, etc. When we returned about 2 hours later, there was no key, and the air conditioner had done little to cool the large bedroom. Our attempts to contact Candy were unsuccessful; she would not answer her phone. Frustrated and disappointed, we determined that we could not stay in this property, and left to find accommodations elsewhere. We were able to secure a room at the nearby Waimea Plantation Cottages, at nearly three times the price. Nevertheless, they are secure and safe, with windows and locking doors, and air conditioning that works.

Monday May 8, 2017

The following morning, I contacted AirBnB via their website to ask for a refund, citing gross misrepresentation of the property on the website. I noted the time that I clicked "Enter"; it was 7:15. The message on the screen indicated that we should give our "host" one hour to respond. If we didn't hear back by 8:15, we should let AirBnB know about it.

They contacted Candy who called my phone six minutes later at 7:21am. She asked what was misrepresented about the property on the website. I told her the following:

- Not properly secured (no keys, open windows covered only with screen, poor locks/bolts)
- Single bath (not 1½ baths)
- No toilet paper, soap, shampoo
- Dirty floors
- Filthy, grimy oven/stove
- "Kitchen" completely misrepresented
- Dirty pots/pans
- "Air conditioned" misrepresented
- No lighting (overhead or lamps) in the "living room" area
- Photo on website obviously not taken at this property

I then asked her for a full refund. She said, "OK, it's up to you. I'm sorry it didn't work out," and she hung up the telephone. I found her abruptness a bit odd, but nevertheless, I had asked for a refund, and so I decided to wait the requisite hour to see what developed.

At 7:39, I received a text from Candy via Airbnb:

Hey Robert, sorry for the inconvenience with key, will leave it on the kitchen table

At 8:23 I replied:

There are a number of reasons why we cannot stay at your property: The first is the lack of security. We had no key, no way to lock the property, and absolutely no way to secure our belongings or our

persons. Anyone could easily enter the property. Even if the doors are locked, there are numerous ways one can easily get into the property. For example, all of the jalousie slats are missing from the kitchen windows. They have only screens on them, and even those are loose and easily removed. The French doors in the large bedroom are secured with only a small slide bolt screwed to the top of the frame, and can be easily pushed in. Other windows are loose, or nonexistent, or are covered only with a screen.

The kitchen was completely misrepresented on the website. It consists of a sink and piece of plywood that's meant to serve as a counter-top/drainboard, the whole of which is supported by framing lumber cobbled together to hold it all up. The stove is less than clean, and the oven is filthy with grime, grease and burnt-on food, and even included a filthy pan lined with a piece of aluminum foil holding a quarter-inch of burnt, stale grease.

From the website, we expected 1½ bathrooms. There is only one bathroom... with no extra toilet paper, no soap, no shampoo or any other amenities.

The website assured us of air conditioning, yet we found only one small unit in the large bedroom, and after three hours of operation, the effect was barely nominal at best, most likely due to the gaps in the doors and windows of the room.

We found a hole in the kitchen wall and dirty floors with paint splatters.

The picture on your website could not have been taken at this property, and everything stated on your website is a gross misrepresentation of the property itself.

We did not stay at the property, and we will not be staying at this property. We left and had to find accommodations elsewhere.

I must insist on a full refund of \$558 back to my credit card, either from you or from AirBnB, or some combination of both. If you have problems refunding this, please contact me as soon as possible.

8:25 Candy:

That was a long message

8:38 Candy:

Robert the kitchen window actually has thick plexiglass and is fully secured, I understand that I didn't have the key when you arrived. I brought it this morning like we talked about last night. I went in this morning and cleaned the oven really good. As far as a.c. central air is not common in Hawaii industry standard, airbnb and local hosts, usually only have a.c in bedrooms this is also common in the Caribbean. I guarantee your security last night was sufficient as the home is easily locked and secured. Again I apologize for not having the key available last nite.

(Note: Her text seems to assume that we agreed that she would deliver a key the following morning. In fact, I was explicit in my conversation with

her earlier, that we could not wait until the following morning to have a key delivered; we needed it that same day.)

8:44 Candy:

I really hope you decide to stay. All the linen is brand new, I have cable, internet. The a.c. works really nice in the room. I tried to make it cozy for you guys.its really affordable. I don't think you should waste your money else where. You can cook and everything here. There is only family on this entire street and I think you can have a good local experience, really different than at home.

8:45 Rob:

As I stated before, please refund the full amount of \$558. Thank you. At this point, I returned to the website to find a message from AirBnB asking if the problem had been resolved. I was given three choices:

- o Problem resolved
- o Problem not resolved
- o Never mind

I clicked on "Problem not resolved" and was directed to another page where I was asked if I wanted a refund. I clicked "Yes" and was given two options. I could apply the entire amount to another AirBnB property, along with an additional \$56 credit, or I could simply have the full amount refunded to my credit card. I chose the latter. The website responded that I should see a credit to my credit card account within five business days.

At 9:21, I received a message from AirBnB:

Unfortunately, Candy has canceled reservation HM4N9MERJT starting May 07. You can rebook or request a refund. Call 1-855-4-AIRBNB or check your email for details.

Mahalo for the opportunity to submit testimony,

Chad

Chad Deal

Government Affairs Director Kaua`i Board of REALTORS®

2 | SB 2641 RELATING TO TRANSIENT ACCOMMODATIONS

Over the years, these local contacts have created strong relationships with local businesses and tradespeople, they have learned how to deal with the diversity of tourists who grace our islands, and, most importantly, they have worked hard to earn the trust of owners who live hours away by plane and who rely on them to look after their investment.

This bill is an assault to the Hawaiians who have become entrepreneurs and have developed businesses as local contacts. This bill threatens to take away or dilute the livelihood that many have created for themselves.

To what end?

Does anyone honestly believe that realtors have a monopoly on consumer protection?

RBOAA regularly receives emails from property owners asking for assistance on disputes with vacation property management companies and their services and costs. All of them, because they take reservations and payments, have realtors on staff. Never once have we received a complaint or request for assistance regarding a local contact.

We respectfully request that this Bill be deferred.

Thank you for the opportunity to testify on this measure.

Sincerely,

Neal Halstead
President,
Rental by Owner Awareness Association

Rental By Owner Awareness Association (RBOAA) is a Hawaii non-profit corporation founded in 2011, with 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 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.

SB-2641

Submitted on: 2/19/2018 8:52:36 AM

Testimony for CPH on 2/20/2018 9:00:00 AM

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

Comments:

SB2641 -- Oppose -- Please defer this Bill.

This Bill proposes that the function of a Local Contact must be performed by a real estate licensee.

Local Contact was first defined in Act 326 (2012) then again in Act 204 (2015). In passing each Act the preamble specifically states the purpose and function of the Local Contact is:

"A Local Contact person located on the same island as the transient accommodation is essential in the case of an emergency or national disaster. A local contact is vital if any questions, concerns, or property issues arise regarding the transient accommodation."

In review of procedures for preparedness for the recent (false) emergency/national disaster of a missile attack on Hawaii no one has suggested that realtors are the answer to preparedness or the appropriate persons to provide such a response. Nor would anyone feel more secure if realtors were designated to fulfill this role as they possess no special training or qualification to respond to emergencies and disasters than any other lay person in Hawaii.

Additionally, it does not take special licensing of a realtor to answer a question or concern that a renter may have, such as "where do I find more laundry soap," or "I have a concern that the toaster isn't working."

Lastly, this Bill contravenes the Federal regulations of the Commerce Clause which prohibit a State from creating different laws applicable to nonresidents performing the same commerce as in-state interests.

Thank you for the opportunity to testify and we respectfully ask that this Bill be deferred.

SB-2641

Submitted on: 2/16/2018 6:30:39 PM

Testimony for CPH on 2/20/2018 9:00:00 AM

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

Comments:

I oppose this. I self manage my own rentals with a non real estate broker. It is my living and I provide superior service this way as I care deeply about my homes. I don't see any advantages to requiring my local contact to be a broker and if made to do do they would likely want a hefty cut (20-30%) commissions which would hurt us who self manage and provide no further advantages (and in fact be more disadvantageous as I would just be another home in their pool of rentals) instead of getting the s personal contact from the owner directly like I now provide with my local contact and I working together.

SB-2641

Submitted on: 2/16/2018 6:51:51 PM

Testimony for CPH on 2/20/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Elen Stoops	Individual	Oppose	No

Comments:

No context for this bill being needed except to payoff Special Interest group sponsors of this bill.

SB-2641

Submitted on: 2/17/2018 4:09:21 PM

Testimony for CPH on 2/20/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Fereshteh Tali	Individual	Oppose	No

Comments:

Hello All,

I respectfully oppose SB2641. I am a real estate broker and reside full time on Maui. Absentee property owners do have requirement to hire an on island contact. As long as their on island contact does not collect any money or handles the clients money, there is no valid reason for the contact to be a licensed real estate agent or broker.

Thank you for your consideration.

Fereshteh Tali

408-892-2675

3184 Brookridge Drive
North Vancouver, B.C.
February 17, 2018

Dear Representatives of the State of Hawaii,

As an owner of a transient rental in Hawaii, I am respectfully writing in strong opposition to Hawaii Senate Bill 2641, just as I opposed Bill SB1031 February 11, 2015.

Once again while I fully support the requirement of a local contact for transient guests, I adamantly oppose the requirement that accommodation operators must designate a licensed real estate broker or salesperson as the local contact. Realtors do not have more training or skills relevant to being a local contact and their licence does not guarantee better consumer protection, superior service or higher integrity. If anything, there may be a conflict of interest for realtors to be selling real estate while also promoting their other services. As investors we observed this conflict of interest when purchasing our vacation property. When our realtor realized that we had decided against using him as a property manager, from that point forward he was no longer responsive to our purchasing questions. The conflict of interest may have further negative consequences for visitors who do not plan on purchasing property in the future yet are faced with aggressive sales tactics.

For the economy of Hawaii, it would be regrettable to take away good paying jobs from those hardworking, dedicated, trustworthy and service-oriented individuals who are supporting families in the local communities - just because they are not realtors. An on-island contact does not need to be licensed or regulated to genuinely care for guests, to be knowledgeable about the property and the island, and to diligently & timely resolve issues that arise. This bill will affect many Hawaiians, essentially putting numerous individuals out of business. If deemed necessary a background / criminal record check could be a way to ensure that those Hawaiian residents who are local contacts are suitable and a short hospitality competency course could be offered but I fail to see the necessity of requiring that each local contact to be a licensed real estate broker.

Rather than the desired effect of protecting consumers, Bill 2641 would create a monopoly that will stifle competition and raise rates of accommodations. Even though this bill does not compel owners to use licensed real estate brokers or salespersons as a property manager, it is an imposed condition by most brokers. These broker management companies require owners to sign contracts that charge owners 25 -55% of gross revenue income plus gives authorization of incidental charges and services that the property manager deems necessary, without owners' consent. The management contracts issued by licensed real estate broker in essence requires investors to have a huge leap of faith, perhaps ignorance, to allow an agency to have free access to spending the investors' money, making it potentially financially unfeasible to invest in Hawaii. The higher fees imposed by realtor management companies will be passed onto consumers with no added benefit nor added protection; the increase will not only impact the transient accommodation industry but all of Hawaii's tourist industry and its offshoots!

Investors will purchase properties in other states or countries that do not restrict local contacts exclusively to real estate brokers or salespersons forcing investors into high management fees. Those individuals, who have already invested in Hawaii, like us, may be forced to sell their investment

properties in Hawaii to invest elsewhere; high management fees and contractual requirements will affect investment returns and individuals' ability to pay mortgages. As real-estate in Hawaii becomes a less desirable location to invest, the consumer loses, as does the investors, the state of Hawaii, realtors and the residents of Hawaii working in industries associated with the revenue that transient rentals generate. Even just the speculation of Bill 2641 & SB1031 already has caused people we know to reconsider investing in Hawaii. Many tourists were swept up in the panic after an emergency alert was mistakenly issued warning of an incoming ballistic missile attack on Hawaii. Often seemingly small actions can have devastating and long lasting effects. If this bill is not fully defeated once and for all, it may destabilize the real estate & tourist markets in Hawaii.

Licensed real estate brokers with several listings are allowed to use their own software on online listing services. This discrepancy causes confusion and can mislead consumers about availability, rates and policies regarding the rental property or may attract customers by advertising a particular unit then switching lodgings upon arrival. Perhaps the State of Hawaii may wish to work with online listing services such as Airbnb, HomeAway and InvitedHome to ensure consumer protection by compelling all agents use the same software, follow the same stipulations and have accurate information and avoid business practices that are unfair or misleading so all investors and consumers are protected.

I fully support the governments' expectation that operators of transient accommodations be in total compliance with applicable state and county laws, but feel that the requirement that owners use a realtor broker as a local contact to ensure this compliance, is detrimental to owners, the state of Hawaii and ultimately visitors looking for a unique visitor experience. I do not see the rationale for local contacts that do not deal with money and are not subject to trust accounts rules, to be required to be licensed brokers. I'm curious if Hawaiian legislators feel that investors in the state of Hawaii are less compliant with applicable state and county laws than investors in other states and why that would be the case. If the primary reason for Hawaii Senate Bill 2641 is concern by the State of Hawaii to collect the GET and TAT taxes from owners, there are better ways to accomplish this such as imposing significant fines on those individuals who do not comply, rather than Bill SB2641's requirement that the local contact be a real estate licensee. From a consumers' protection perspective, requiring the contact person to be a licensed brokers will not have the desired effect, yet will have unintentional detrimental consequences.

Respectfully,

Maureen Parker

February 20, 2018

The Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce, Consumer Protection and Health
415 South Beretania Street
State Capitol, Room 230
Honolulu, Hawaii 96813

RE: SB 2641, RELATING TO TRANSIENT ACCOMMODATIONS.

Aloha Chair Baker, Vice Chair Tokuda, and Members of the Committee,

My name is Dan Monck, and I wish to testify in **SUPPORT** of SB 2641.

Transient Accommodations taking place contrary to County zoning has become a very significant problem throughout Hawaii's four major islands. County zoning officials responsible for enforcing island zoning are extremely challenged by the fact that this rental activity takes place in cyberspace very often by persons or entities outside of Hawaii, or even the United States.

Hawaii State's legislative attempts to address this unregulated Transient Accommodation activity has been largely focused upon mitigating the loss of Transient Accommodation Tax revenues owed to Hawaii. While tax revenues are important, the very real concerns of Oahu residential neighborhoods such as Kailua, Lahaina or Kihei on Maui, or Kapoho on the Big Island, are equally as important and have been seriously neglected by these past legislative actions, ACT 326 and ACT 204.

These past ACTs defined the requirement for the existence of an on-island "Local Contact" for Transient Accommodations to take place in a residential home within Hawaii. The intent of this person and their role in these ACTs was to serve the Transient Accommodation tenant in the event of a problem or emergency. The present requirement for this person, assuming the person actually exists on-island, is for their Name, Phone Number, and Email address to be posted prominently within the Transient Accommodation Rental. No service requirements to the tenant or County zoning agencies, minimum age requirement, skill level requirement, or responsibility of any kind, were assigned to this "Local Contact" individual by either of these ACTs.

SB2641 would correct this serious deficiency by requiring the "Local Contact" to be someone who the State and County know exists on-island where the Transient Accommodation is taking place, who has fiduciary responsibilities to the owner of the property, and in their service to the property owner must completely service both the tenant as well as County zoning officials. And in the event, rentals are taking place contrary to zoning and County zoning officials can't resolve the matter with the on-island licensee, County zoning officials have the ability to engage Hawaii's Real Estate Branch to secure their help in resolving the matter with the licensee.

In this way, County zoning officials who have the responsibility to enforce zoning can effectively do their jobs in the service to their island's people, but when necessary they can engage the appropriate State resource; a comprehensive approach that would have immediate and positive impact upon communities throughout Hawaii experiencing Transient Accommodation concerns.

The people of Hawaii deserve meaningful and responsible attention to this very real problem by the legislature. SB 2641 provides a straightforward and effective mechanism for the legislature to support the Counties in their efforts to protect their neighborhoods and people.

Mahalo,

Dan Monck

SB-2641

Submitted on: 2/19/2018 4:33:04 PM

Testimony for CPH on 2/20/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dawn Wooten	Individual	Support	No

Comments:

I believe this bill is necessary also so that we can control that GET taxes are processed and charged appropriately to out of state and foreign investors. I know of 3 personal experiences where a foreign investor is running a transient rental on Kauai. They are not paying any taxes to the state, except their basic home exemptions. If we want to receive the monies our community needs for infrastructure, we need to control the collection of taxes better. I do not think the action our county is taking on shutting down rentals is the solution at all. I believe that this measure and requiring realtors to file the income is the answer and doing that through Realtors is a good way to assure this if some changes are made. My company does process all transient tax for our owners (we pay from their rents directly to the county). So, in addition to this measure that a Realtor manages, it must also state that the GET is filed, and paid, for the owner by the property manager. After all, it is an easy online procedure. Obviously realtors file their own income, but currently, not all realtor's pay the tax directly for their owner, they just assume the owner is paying from their statement. Yes, a check system on our payment is in place, but then it needs to be collected. This addition of "and payment of GET by PM" needs to be included in the measure. Respectfully, Dawn Wooten, Kaua'i Island Homes Realtor, Kauai