



**LATE**

Statement of  
**George D. Szigeti**  
Chief Executive Officer  
Hawaii Tourism Authority  
on  
**SB2963 Proposed SD1**  
**Relating to Transient Accommodations**

Senate Committee on Ways and Means  
Senate Committee on Economic Development, Tourism, and Technology  
Monday, February 5, 2018  
9:55 a.m.  
Conference Room 211

Chairs Dela Cruz and Wakai, Vice-Chairs Keith-Agaran and Taniguchi and Committee Members:

The Hawaii Tourism Authority (HTA) offers the following **comments in support of the intent of SB2963 SD1**, which proposes a system to regulate operators of Transient Vacation Units (TVUs) to ensure that operators pay their fair share of General Excise Tax (GET) and Transient Accommodation Tax (TAT) and that operators comply with State and county laws and regulations governing land use and zoning.

As Hawaii competes in the global tourism market, it is critical that we ensure safe and enjoyable visitor experiences whether our guests stay in traditional or alternative accommodations, which are becoming increasingly popular with travelers from around the world. Proponents of alternative accommodations highlight the importance of supporting a variety of guest experiences in order to maximize Hawaii's appeal as a visitor destination, respect visitor preferences, derive economic benefit from operators and bring additional tax revenue to the State. Others in the community express concerns over alternative accommodation operators that do not pay their fair share of taxes, the loss of rental housing stock to transient uses, the need to enforce land use regulations restricting transient uses, the impact on communities that host transient uses and the inability to ensure the quality of experiences for, and the safety of, visitors who stay in alternative accommodations.

Providing guidelines for registration and reporting, along with rules for enforcement to curb the spread of illegal vacation rentals and make operators more accountable, will strengthen the quality of life for residents in communities on all islands and ensure a more positive experience for visitors choosing this form of lodging. Without commenting on the precise structure and terms of the bill, HTA supports the implementation of a regulatory framework that ensures TVU operators pay applicable taxes and operate in compliance with State and county laws. A clear and fair regulatory framework will strengthen the quality of life for communities on all islands and ensure a more positive experience for visitors who choose alternative forms of lodging.

Mahalo for the opportunity to offer this testimony.

**LATE**



February 5, 2018

TO: Senate Committee on Ways and Means  
The Honorable Donovan M. Dela Cruz, Chair  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair

Senate Committee on Economic Development, Tourism and Technology  
The Honorable Glenn Wakai, Chair  
The Honorable Brian T. Taniguchi, Vice Chair

FROM: Amanda Pedigo, Vice President, Government and Corporate Affairs  
Expedia, Inc.

Dear Chairman Dela Cruz, Chairman Wakai and distinguished members of the Senate Committee on Ways and Means, and Senate Committee on Economic Development, Tourism and Technology Committees,

While Expedia recognizes the Legislature's desire to find a reasonable way to collect taxes that are due to the State and supports the tax amnesty provision in this bill, we, unfortunately, cannot support the proposed SD1 to SB2963. Our concerns are similar to those expressed during consideration of SB2999.

Our specific concerns with SB2963 are as follows:

- ❖ The bill requires transient accommodations brokers to verify an operator or plan manager's compliance with all county land use laws as part of the listing of a property on the site and to require the publication of certain information in violation of the Communications Decency Act (CDA) by imposing liability on online listing platforms for third party content.
- ❖ Section 15 makes it unlawful for a hosting platform to collect a fee for "booking services." To avoid a violation under this section, the hosting platform must review the content of listings in violation of the CDA.
- ❖ Under the proposed SD, engaging in business with the operator of a non-compliant transient vacation rental would be a Class C felony with imprisonment of up to five years and a fine of up to \$10,000. This would result in criminalization of an action without the intent element.
- ❖ The proposed bill would also allow counties to establish violations of county zoning laws as a Class C felony. This is an extreme penalty when significant civil penalties already exist.
- ❖ The provision in the bill authorizing counties to impose remedies of disgorgement of all profits obtained through unfair or unlawful business acts greatly expands the existing

remedies (which rest in the hands of the Attorney General) and is a broad provision that would apply to a myriad of other situations, not just transient vacation rentals and should be examined further. The counties have no expertise in this area.

- ❖ The bill changes the judicial standard for injunctive relief in cases involving transient vacation rentals by eliminating the requirement for a finding of irreparable harm, a hallmark of injunctive relief.
- ❖ The bill would allow the counties to recover the cost of any action to enforce zoning laws from the owner. That is a sweeping change to the law that will not only affect transient vacation rental owners, but also other property owners who may violate any zoning law.
- ❖ The bill establishes a civil fine of \$25,000 to \$100,000 for failure to remove a listing after being notified of non-compliance. Again, this violates the Communications Decency Act by holding platforms liable for information posted by third parties.
- ❖ The bill goes so far as to allow the counties to phase-out transient vacation rental units in all zoning areas, a drastic change from the current law that requires the grandfathering of existing uses during subsequent zone changes. There should be extensive vetting of a change in the law that could deny owners their expected use of property.
- ❖ Section 7 requires tax collection agents to provide pertinent information to the department of taxation regarding operators and plan managers in violation of the Stored Communications Act.
- ❖ Section 8 requires tax collection agents to furnish information to the counties in violation of the Stored Communications Act. Not only does Section 8 specifically require tax collection agents to share information with the counties, such agents must also provide individual owner names, address and license identification numbers with each return in violation of the Store Communications Act, and requires tax collection agents to specifically disclose this information to the planning director or any county – all in violation of the Stored Communications Act.
- ❖ Section 12 of the bill would allow the state to share tax data with county officials for non-tax reasons, which violates the intent and purpose of the taxpayer confidentiality provisions in the Hawaii tax code and would negate protections currently granted Hawaii taxpayers.
- ❖ Section 10 of the bill relating to activities providers applies to all activities desks in hotels in Hawaii that have been offering excursions for years and are far sweeping by requiring the transient accommodations broker to check for the legality and state licensing of all persons employed, contracted or otherwise engaged in connection with an activity provider. This provision also requires hotels to check the status of all property management companies who manage vacation rentals as part of their provision of vacation rentals, and violation of this Section is a class C felony. The same obligations are imposed on property managers.

Instead of trying to eliminate an essential part of the hospitality industry that is woven into the fabric of our economy, the focus should be on finding balance, to create substantial revenue for the state and counties (to fund affordable housing, public facilities, park maintenance, roads, and the like), and protection for communities that host visitors.

We commissioned<sup>1</sup> a study of the economic impact of transient vacation rental and found that the vacation rental industry in Hawaii contributes significantly to our state's economy.

- ❖ Last year, over 608,000 visitors spent an average of eight days staying in vacation rentals.
- ❖ These visitors spent over \$444 million on lodging and over \$475 million on other expenses such as food, entertainment and souvenirs for total expenditures of nearly \$920 million. Losing those dollars would impact thousands of workers and hundreds of small businesses, in addition to the homeowners who rent their homes.
- ❖ A large number of visiting families who prefer to stay in vacation rentals will not stay in traditional resort accommodations for their vacations. They want to rent a home that has multiple bedrooms, a kitchen, a swimming pool and a yard for their kids to play in. For that growing segment of the tourist population, a hotel is simply not a suitable substitute for a vacation rental.
- ❖ The data we derived that was most disconcerting was the fact that even if the number of vacation rental visitors switched to traditional resort lodging, there would not be enough hotel rooms to accommodate them.
- ❖ We found that if all traditional options were at an annual 85% capacity (which is widely viewed as the maximum sustainable capacity for a hotel), there would be demand for more than 2.5 million guest nights left unmet.
- ❖ Given the average length of stay of each vacation rental user in Hawaii is about eight days, the result is that nearly 320,000 visitors would have no place to stay.
- ❖ While that might mean less crowded beaches, it would also mean over \$430 million NOT spent in Hawaii on lodging and other local goods and services, causing a loss of over \$37 million in TAT and GET. It is undeniable that those types of economic losses would also result in lost jobs and potential loss of airlift into Hawaii.

In addition to sharing concerns about SB 2999 and the contributions to Hawaii's economy of the transient vacation rental industry, we would like to take this opportunity to debunk the misconception that all online vacation rental advertising platforms are the same.

For nearly three decades, HomeAway platforms have been the leaders in offering unique, family-focused vacation experiences for travelers. We take immense pride in our long-standing

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<sup>1</sup> Completed by Hospitality Advisors LLC, Joseph M. Toy, President and CEO, Honolulu, Hawaii

commitment to our local homeowners and their small business partners, as well as the millions of families that have used vacation rentals to experience Hawaii in a unique and special way.

- ❖ HomeAway/VBRO started out as a subscription service and the majority of our owners have listing subscriptions today. That means, owners pay only an annual fee for posting a property on our sites. For those bookings, the homeowner does not pay a fee per rental.
- ❖ Most of our owners include taxes as a line item cost in their listing and collect taxes directly, without HomeAway/VRBO doing so for them. We have no reason to believe that the owners—having collected taxes—do not remit them.
- ❖ The typical HomeAway/VBRO guest is a 47-year-old female traveling with a family of four.
- ❖ The average stay for a HomeAway/VBRO guest is 6-7 days.
- ❖ The typical HomeAway/VBRO owner offers part-time use of their second home, at times when they are not in residence. There is no reason to expect these owners to make their homes available on the long-term rental market.

The transient vacation rental industry plays a vital role in our state economy. We would like to work with the state and local governments to modernize the regulations of this important economic sector. We note that the City and County of Honolulu considered several measures last year on transient vacation rentals that are being prepared for consideration by the Planning Commission. We want to work to protect communities while also protecting the State's economy. This legislation does not meet those goals.

Thank you for the opportunity to share this testimony.

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February 3, 2018

The Honorable Donovan M. Dela Cruz; and,  
The Honorable Glenn Wakai  
Hawaii State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813-2425

**Re: Lodging industry support for SB2963 SD 1 and commonsense regulation and taxation of legal short-term rentals and online STR platforms**

Aloha Honorable Chair Dela Cruz, Chair Wakai and Honorable members of the Senate Committees on Ways and Means and Economic Development, Tourism, and Technology,

The American Hotel & Lodging Association (AHLA), on behalf of our more than 150 Hawaii-based members (see below for a list of AHLA Hawaii-based member organizations), respectfully offers this testimony in strong support for SB2963 SD 1. This measure codifies commonsense regulation and taxation of legal short-term rentals (STRs) and online STR platforms into the Hawaii Revised Statutes.

Thank you for your measured approach in drafting this legislation which affords STR platforms an opt-in to an arrangement ensuring the collection of tax revenues and mandatory compliance with County and State land use laws.

This Bill, if enacted, would incorporate registration, reporting and enforcement provisions, including:

1. Mandatory listing of STR registration numbers prior to posting a listing on a platform; and
2. Disclosure of rentals and sufficient information to the State/Counties to verify registration; and
3. Cancellation of future stays and delisting of properties upon receipt of notice from the relevant County of invalid registration.

The aforementioned provisions have already been agreed to by Airbnb and Expedia/HomeAway with the City and County of San Francisco, California.

The provisions highlighted above strengthen the enforcement of tax collection and



compliance with land use laws with respect to hosting platforms and STR hosts. Like hotels, motels, and other transient accommodations, these platforms and hosts should also transparently pay applicable taxes and comply with the laws of the land.

SB2963 SD 1 revises certain provisions of SB 2999 to directly address Airbnb's legal challenges and strengthens the State's position with respect to enforceability on the basis of:

- 1: The federal Communications Decency Act, 47 U.S.C. § 230 (CDA),
- 2: The Stored Communications Act, 18 U.S.C., Chapter 121 §§ 2701-2712 (SCA), and
- 3: The Fourth Amendment to the U.S. Constitution and Article I, Section 7 of the Hawaii Constitution (both protecting against unreasonable search and seizures) (4th Amendment).

Attached herewith is a detailed analysis outlining how SB2963 SD 1 maintains compliance with these important Federal laws.

For your background, in March 2017, the research organization CBRE released a report examining the rise of commercial activity taking place on Airbnb nationwide. The report focused on thirteen of the nation's largest Airbnb markets, which includes Oahu. The results confirmed what many in Hawaii already know—most Hawaiian vacation rental units are owned by part-time residents or commercial operators, not local homeowners renting out a spare room to supplement their income as a true host, as Airbnb likes to flaunt. In fact, 85 percent of Oahu's Airbnb revenue comes from entire-home rentals. More alarming is the explosion of multi-unit, entire-home vacation rentals springing up in neighborhoods across Oahu and operating in a "revolving door" fashion. Notably, Airbnb's revenue from multi-unit, entire home vacation rentals jumped an astonishing 227% in the last year.

This proliferation of illegal STRs degrades the quality of life for Hawaii's residents and exacerbates the serious problem of inadequate affordable housing supply.

The lodging industry is one of the most competitive industries in the world, and we welcome all competitors willing to play by the rules. However, with the current business model we see and the agenda Airbnb tries to push, abiding by the law and playing on a level-playing field is just simply not the case. Let me make it abundantly clear, we are not opposed to Hawaii's visitors having alternative lodging options such as vacation rentals; however, alternative lodging options should not come at the expense of kama'aina communities.

In 2017 alone, our members in Hawaii paid a total of 3.8 billion dollars in federal, state, and local taxes. Moreover, they are actively engaged in countless activities to promote



Hawaii's beauty and treasures, to improve Hawaii as a whole, and to support the needs of Hawaii's residents. Our members' concerns transcend mere business—the viability of Hawaii's treasured communities is on the line. Above all, our stake lies in the communities where the 110,000 employees of our member companies live in Hawaii.

Where there are opportunities for improvement we look forward to working with you to make this good bill even better. The AHLA team is available to fulfill any request for information that you and your colleagues in the Legislature may have. All of the above-referenced CBRE data and copies of the Airbnb and San Francisco settlement agreement are publicly available at: <https://www.ahla.com/issues/illegal-hotels>.

We welcome your questions and comments on this issue. Please direct them to AHLA's spokesperson, Kekoa McClellan, at: [kekoamcclellan@gmail.com](mailto:kekoamcclellan@gmail.com).

Thank you in advance for your favorable consideration of our testimony.

Troy Flanagan  
Vice President, Government Affairs and Industry Relations  
American Hotel and Lodging Association

*For more than 100 years, the American Hotel & Lodging Association (AHLA) has been the foremost representative of and advocate for the U.S. lodging industry. We advocate for our members so they can do their best at what matters most: serving guests, employees and their communities. With more than 150 members in Hawaii representing 110,000 employees, this is a job we take very seriously.*

List of Hawaii-based Members of the American Hotel and Lodging Association:

Ala Moana Hotel  
Ambassador Hotel of Waikiki  
Andaz Maui Wailea  
Aqua Aloha Surf & Spa  
Aqua Bamboo & Spa  
Aqua Hokele Suites  
Aqua Ilikai Hotel & Suites  
Aqua Kauai Beach Resort  
Aqua Kauai Shores  
Aqua Lotus Honolulu  
Aqua Luana Waikiki  
Aqua Maile Sky Court  
Aqua Maui Beach Hotel  
Aqua Naniloa Surf Hotel



Aqua Pacific Monarch  
Aqua Pagoda Hotel  
Aqua Palms  
Aqua Park Shore Waikiki  
Aqua Queen Kapiolani  
Aqua Skyline  
Aqua Volcano House  
Aqua Waikik Pearl  
Aqua Waikiki Wave  
Aqua White Sands Hotel  
Aqua-Aston Hospitality  
Army Lodging Fort Shafter  
Army Lodging Tripler Army Medical Center  
Aston Hotel Renew  
Aston Hotels & Resorts  
Aston Paki Maui  
Aston Waikiki Beach Hotel  
Aston Waimea Plantation Cottages  
Autograph Collection Mauna Kea Beach Hotel  
Best Western Pioneer Inn  
Best Western the Plaza Hotel  
Breakers Hotel  
BRYCL Resorts International  
Coconut Waikiki Hotel  
Courtyard by Marriott Kauai at Coconut Beach  
Courtyard by Marriott Kona Beach Hotel  
Courtyard by Marriott Waikiki  
Courtyard Kauai Coconut Beach  
Courtyard Marriott Maui Kahului Airport  
Courtyard Marriott Oahu North Shore  
Courtyard Marriott Waikiki Beach  
Courtyard Maui Kahului Airport  
Days Inn Kihei  
Embassy Suites Hotel - Waikiki Beach Walk  
Four Seasons Lana`i at Manele Bay  
Four Seasons Lana`i at The Lodge at Koele  
Four Seasons Resort Hualalai  
Four Seasons Resort Maui  
Grand Hyatt Kauai  
Grand Hyatt Kauai Resort & Spa  
Grand Naniiloa Hotel a Doubletree  
Grand Wailea Resort

Hale Koa Hotel  
Halekulani  
Hampton Inn and Suites Oahu Kapolei  
Hapuna Beach Prince Hotel  
Hawaii Prince Hotel Waikiki  
Hilton Garden Inns  
Hilton Hawaiian Village Waikiki Beach Resort  
Hilton Honolulu Hawaiian Village  
Hilton Waikiki Beach  
Hilton Waikoloa Village  
Hilton Waikoloa Village Resort & Spa  
Holiday Inn Express and Suites Kailua-Kona  
Holiday Inn Waikiki Beachcomber Resort  
Honua Kai Resort & Spa  
Honua Kai Resort and Spa  
Hotel Molokai  
Hotel Wailea Maui  
Hyatt Place Waikiki Beach  
Hyatt Regency Maui  
Hyatt Regency Maui Resort & Spa  
Hyatt Regency Waikiki  
Ilima Hotel  
Ka`anapali Beach Club  
Ka`anapali Beach Hotel  
Kahana Falls  
Kamuela Inn  
Kauaai Marriott Resort  
Kauai Marriott Resort & Beach Club  
Kiahuna Plantation Resort by Castle Resorts  
Kilauea Lodge  
Ko Olina Beach Villas Resort  
Ko`a Kea Hotel & Resort  
Kona Bayview Inn  
Kona Coast Resort  
Lawai Beach Resort  
Lotus Honolulu  
Maui Coast Hotel  
Maui Condo and Home, LLC  
Mauna Kea Beach Hotel  
Mauna Lani Bay Hotel & Bungalows  
Moana Surfrider, A Westin Resort  
Moana Surfrider, A Westin Resort & Spa



Montage Kapalua Bay  
Napili Kai Beach Resort  
OHANA Waikiki East Hotel  
OHANA Waikiki Malia  
Outrigger Aina Nalu Resort  
Outrigger Airport Honolulu Hotel  
Outrigger at Lae Nani  
Outrigger Enterprises Group  
Outrigger Enterprises Group - Honolulu, HI  
Outrigger Enterprises Group, Inc.  
Outrigger Fairway Villas  
Outrigger Hotels & Resorts  
Outrigger Kiahuna Plantation  
Outrigger Maui Eldorado  
Outrigger Napili Shores  
Outrigger Palms at Wailea  
Outrigger Reef on the Beach  
Outrigger Regency on Beachwalk  
Outrigger Royal Kahana  
Outrigger Royal Sea Cliff  
Outrigger Waikiki on the Beach  
Outrigger Waipouli Beach Resort & Spa  
Pacific Beach Hotel  
Pacific Marina Inn  
Palm Villas at Mauna Lani  
Plantation Hale Suites  
Ramada Honolulu  
Ramada Plaza Waikiki  
Residence Inn by Marriott Maui Wailea  
Royal Grove Hotel  
Royal Kona Resort  
Royal Lahaina Resort  
Sheraton Kauai Resort  
Sheraton Kona Resort & Spa at Keauhou Bay  
Sheraton Maui Resort  
Sheraton Princess Kaiulani  
Sheraton Waikiki  
Sheraton Waikiki Hotel  
Shipman House Bed & Breakfast Inn  
Shoreline Hotel Waikiki  
St Regis Princeville Resort  
Stay Hotel Waikiki



The Club at Ku Kūi`ula  
The Club at Kukūi`ula  
The Cottages & Villas at Turtle Bay Resort  
The Fairmont Kea Lani, Maui  
The Fairmont Orchid - Hawaii  
The Imperial Hawaii Resort At Waikiki  
The Kahala Hotel & Resort  
The Modern Honolulu  
The New Otani Kaimana Beach Hotel  
The Outrigger Kapalua Villas  
The Outrigger Waikoloa Beach Villas  
The Point at Poipu, Diamond Resorts International  
The Ritz-Carlton, Kapalua  
The Royal Hawaiian Hotel  
The Westin Ka'anapali Ocean Resort Villas  
The Westin Maui Resort & Spa  
The Westin Princeville Ocean Resort Villas  
The Whaler on Kāanapali Beach  
Travaasa Hana  
Trump International Hotel Waikiki Beach Walk  
Two Roads Hospitality  
Vive Hotel Waikiki  
Waikiki Beach Marriott Resort & Spa  
Waikiki Grand Hotel  
Waikiki Parc Hotel  
Waikiki Resort Hotel  
Waikiki Sand Villa Hotel Honolulu  
Waikiki Shore  
Waikoloa Beach Marriott Resort & Spa  
Wailea Beach Marriott Resort & Spa  
Waldorf Astoria Grand Wailea Resort  
Wyndham Koloa

## ANALYSIS OF SB 2963 SD1

### COMPLIANCE WITH FEDERAL LAWS

SB 2963 SD 1 revises certain provisions of SB 2999 to directly address Airbnb’s legal challenges<sup>1</sup> and strengthen the State’s position with respect to enforceability on the basis of:

1. the federal Communications Decency Act, 47 U.S.C. § 230 (**CDA**),
2. the Stored Communications Act, 18 U.S.C., Chapter 121 §§ 2701-2712 (**SCA**), and
3. the Fourth Amendment to the U.S. Constitution and Article I, Section 7 of the Hawaii Constitution (both protecting against unreasonable search and seizures) (**4<sup>th</sup> Amendment**).

As explained in more detail below:

1. SD 2963 SD1 should survive a CDA challenge because it holds transient accommodations brokers and hosting platforms responsible only for their **own conduct** and does not treat them as publishers or speakers of content provided by operators or plan managers.
2. SB 2963 SD1 involves **voluntary** disclosures by transient accommodations broker tax collection agents, which require only operator or plan manager **consent** under the SCA– not a subpoena or other legal process. SB 2963 SD 1 requires such operator or plan manager consent, in full compliance with the SCA.
3. SB 2963 SD1 does not implicate the 4<sup>th</sup> Amendment because all disclosures by transient accommodations brokers voluntarily registering as tax collection agents are **voluntary**.

#### **1. CDA**

SB 2963 SD 1 is based on **San Francisco’s Ordinance 178-16**, effective September 1, 2016. Ordinance 178-16 made it a misdemeanor for hosting platforms to collect booking fees on illegal rentals. In response to CDA challenges by Airbnb and Homeaway, Ordinance 178-16 also repealed delisting requirements that had been imposed on hosting platforms under San Francisco Ordinance 104-16. Airbnb and Homeaway also challenged Ordinance 178-16 on the basis of Section 230 of the CDA.

Section 230 provides: “No 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.” 47 U.S.C. § 230(c)(1) (emphasis added).

In ruling that Airbnb and Homeaway were unlikely to prevail on the merits of their CDA challenge to Ordinance 178-16, the U.S. District Court for the Northern District of California found that Ordinance 178-16 did not threaten Airbnb and Homeaway as publishers or speakers of information provided by another, and therefore was unlikely to run afoul of the CDA. In other words, the court found that Ordinance 178-68 held “[Airbnb and Homeaway] liable only for their **own conduct**, namely, providing,

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<sup>1</sup> See written testimony of David Louie for Kobayashi Sugita & Goda, LLP on behalf of Airbnb, dated January 30, 2018, challenging SB 2999 on the basis of the CDA, the SCA, and the 4<sup>th</sup> Amendment.



**and collecting a fee for, Booking Services in connection with an unregistered unit.”** *Airbnb, Inc. v. City & County of San Francisco*, 217 F. Supp. 3d 1066, 1073 (N.D. Cal. 2016) (emphasis added).<sup>2</sup>

SB 2963 D1 similarly holds transient accommodations brokers and hosting platforms liable only for their own conduct in brokering deals in Hawaii, that is: (1) for providing, and collecting a fee for, booking services for illegal transient accommodations, (2) for engaging in business with operators or plan managers that are not in compliance with applicable state and county laws (including land use, tax, and professional licensing laws), and (3) for engaging in business on behalf of operators or plan managers with persons or entities that provide property management or activities services and that are not in compliance with state or county laws. (SD 2963 D1 includes a delisting provision, but it applies only to operators and plan managers – not to transient accommodations brokers.)

**January 31, 2018 testimony by Airbnb and its hosts and “co-hosts” in opposition to SB 2999 underscored Airbnb’s active participation in brokering deals in Hawaii and the need for prohibitions against transient accommodations brokers’ facilitation of and participation transactions that violate state and county laws.** As stated by Airbnb in its January 31, 2018 testimony, Airbnb is working to expand its operations in Hawaii beyond vacation rentals into property management (“co-hosting”) and tour operations (“experiences”). As explained by one Airbnb co-host in her testimony against SB 2999, Airbnb actively recruited her, an Airbnb “superhost” from the mainland, to come to Hawaii to manage specific units for hosts who cannot or choose not to manage the units themselves. The testifier admitted that she was not licensed to manage property in Hawaii and that the rentals she was managing were in residential areas not zoned for legal vacation rentals.

Like Ordinance 178-68, SB 2963 D1 should withstand a CDA challenge.

## 2. SCA

The SCA contains a separate provision for **mandatory** disclosures (18 U.S.C. § 2703) and a separate provision for **voluntary** disclosures (18 U.S.C. § 2702). Airbnb challenged SB 2999 based on the provision for mandatory disclosures, arguing that a subpoena or other legal process was required. However, given that the reporting requirements under 2963 SD 1 (and SB 2999) apply only if a hosting platform **voluntarily** chooses to register as a tax collection agent, only the voluntary disclosure provision of the SCA (18 U.S.C. § 2702) is relevant.

**The SCA expressly permits voluntary disclosure of information, with the consent of the originator.** See 18 U.S.C. § 2702(b)(3) (providing that a provider of electronic communication service to the public “may divulge the contents of a communication . . . with the lawful consent of the originator or an addressee or intended recipient of such communication, or the subscriber in the case of remote computing

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<sup>2</sup> Although the court ruled against Airbnb and Homeaway on the CDA, it found that an injunction might still be warranted on the limited ground that the City of San Francisco had no mechanism in place for verifying registration of listings. SB 2963 SD 1 addresses this by requiring hosts to provide their TAT number and verification of compliance with land use laws to transient accommodations brokers prior to placing an advertisement, and incentivizing counties to provide a process for verification of compliance through an allocation of GET and TAT revenues. These provisions might be further strengthened by requiring similar proof of compliance from providers of property management services and activity providers.

service” (emphasis added)); 18 U.S.C. § 2702(c) (providing that a provider of electronic communication service to the public “may divulge a record or other information pertaining to a subscriber or customer of such service (not including the contents of [the stored communication]) . . . with the lawful consent of the customer or subscriber” (emphasis added)).

SB 2963 D1 requires that any transient accommodations broker that registers as a tax collection agent obtain the required consent from the host to make the applicable reporting disclosures. As such, SB 2963 SD 1 fully complies with the SCA requirements for voluntary disclosures.

Notably, under its settlement agreement with the City and County of San Francisco, Airbnb agreed to collect and transmit certain information about its hosts to the City, including without limitation: the host’s name and contact information, monthly rent, business registration number, current driver’s license or state ID card and proof of residence (proof of homeowner’s tax exemption, utility bill, vehicle registration, etc.), an affidavit, and quarterly reporting on the number of nights a residential unit has been rented as a short-term residential rental (see San Francisco Settlement Agreement Section 1.08.C and Exhibit B). Airbnb’s accommodation of these reporting requirements in San Francisco suggests that Airbnb has been able to successfully implement a mechanism for host consent, in order to comply with the SCA.

### **3. 4<sup>th</sup> Amendment**

SB 2963 SD 1 does not implicate the 4<sup>th</sup> Amendment because, as explained above, all disclosures by transient accommodations brokers voluntarily registering as tax collection agents are voluntary. The 4<sup>th</sup> Amendment does not prohibit voluntary disclosures.

#### **KEY PROVISIONS OF SB 2963 SD 1**

- 1. Prohibition on Hosting Platforms Collecting Booking Fees on Illegal Rentals:** SB 2963 SD 1 makes it illegal for a hosting platform to provide, and collect a fee for, booking services in connection with an illegal rental unit. “Booking services” are defined as “any reservation or payment service provided by a person or entity that facilitates a transient vacation rental transaction between an operator and a prospective renter, and for which the person or entity collects or receives, directly or indirectly through an agent or intermediary, a fee in connection with the reservation or payment services provided for the transient vacation rental transaction.” See Section 15 (adding HRS § 481B-). **This provision is modeled on Ordinance 178-16 and should withstand a challenge under the CDA because it holds platforms responsible only for their own conduct – not for the content provided by another.**
- 2. Prohibition on Engaging in Business With Operators, Plan Managers, or Other Persons or Entities Providing Property Management or Activities Services in Violation of State or County Laws:** SB 2963 SD 1 makes it a **class C felony** for transient accommodations brokers to engage in business with an operator or plan manager, including any person or entity employed, contracted, or otherwise engaged by the operator or plan manager for property management or as an activity provider, that is not in compliance with all state laws and county ordinances, including land use, tax, and professional licensing laws. See Section 10 (adding HRS § 481B-\_(a),

(c)). SB 2963 SD 1 also makes it a **class C felony** for transient accommodations brokers to engage in business, on behalf of an operator or plan manager, with any person or entity providing property management for the operator or plan manager or providing activities for guests of the operator or plan manager if the person or entity is not in compliance with state and county laws, including land use, tax, and professional licensing laws. See Section 10 (adding HRS § 481B-(b), (c)). **Again, like Ordinance 178-16, these provisions should survive a CDA challenge because they hosting platforms responsible only for their own conduct.**

3. **Applies the Delisting Provision to Hosts Only:** Under SB 2963 SD 1, only **operators and plan managers** are required to remove any listing for which they fail to provide the transient accommodations broker with: (i) a TAT number and local contact information, (ii) verification of compliance with state and county land use laws from the applicable county agency, or (iii) a statement by the operator or plan manager confirming compliance with all applicable land use laws and ordinances, or for which the operator or plan manager has received a notice of noncompliance from a state or county governmental authority. See Section 8 (adding HRS § 237-(i)) and Section 9 (adding HRS § 237D-(i)). Operators and plan managers who fail to remove an advertisement within seven days after receiving a notice of noncompliance from a state or county governmental authority are subject to civil fines of \$25,000 - \$100,000. See Section 12 (amending HRS § 46-4(a)). **There is no CDA issue because transient accommodations brokers have no obligation to remove advertisements for illegal rentals.**
4. **Requires Host Consent to Disclosures by Transient Accommodations Broker Tax Collectors:** SB 2963 SD 1 requires that transient accommodations brokers registering as tax collection agents (i) obtain the written consent of their operators and plan managers for the periodic disclosure of the reporting information described in subsection (g) and (ii) agree to furnish the reporting information to the counties. See Section 8 (adding HRS § 237-(a)) and Section 9 (adding HRS § 237D-(a)). **This fully complies with the voluntary disclosure requirements of the SCA. Further, there is no 4<sup>th</sup> Amendment issue because the 4<sup>th</sup> Amendment does not prohibit voluntary disclosures.**
5. **Enforcement by the Counties/Allocation of Funding to Counties:** The counties are responsible for enforcement of the provision in Section 15 (making it illegal for hosting platforms to collect booking fees on illegal transactions). See Section 15 (adding HRS § 481B-(b)). The counties are also required to pass ordinances similar to those in Section 10 of SB 2963 SD 1, prohibiting transient accommodations brokers from engaging in business in violation of county laws. See Section 12 (amending HRS § 46-4(a)). Upon establishment of a process for verification of compliance with land use laws by operators and plan managers, counties receive an allocation of GET and TAT. See Section 14.
6. **Severability:** The fact that Airbnb or other transient accommodations brokers may challenge provisions of SB 2963 SD 1 does not mean that the provisions would ultimately be found unenforceable. (And, for all of the reasons stated above, the key provisions of SB 2963 SD 1 are defensible under the CDA, SCA, and 4<sup>th</sup> amendment.) Nonetheless, even if the State did not prevail on a challenge, Section 16 of SB 2963 SD 1 contains a severability provision, which provides in full:





If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.



HAWAI'I LODGING & TOURISM  
ASSOCIATION

**LATE**

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

Senate Committees on  
Ways and Means  
Economic Development, Tourism, and Technology

Senate Bill 2963 SD1 Proposed

Chair Dela Cruz, Chair Wakai and members of the committees, mahalo for the opportunity to offer this testimony on behalf of the nearly 700 members of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

Senate Bill 2963 SD1 is a major priority bill for the Hawai'i Lodging & Tourism Association. The HLTA **strongly supports** this measure, as we did a similar measure last session, which would allow online hotel and vacation booking companies to collect the TAT and GET from their hosts, as well as add layers of transparency, enforcement and accountability to the short term online rental markets and their operators.

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 proper tax registrations, county zoning laws, and are skirting our 10.25 percent Transient Accommodations Tax, and our General Excise Tax.

Through SB 2963 SD1 we are glad to see that many of the visitor industry's concerns from the past two years have been addressed. This includes the issues of transparency, registration, accountability, and enforcement. We strongly support this measure as it requires the transient accommodations brokers to ensure their operators obtain a GET license and TAT registration as well as ensure they are compliant with county zoning and land use ordinance, it requires the tax collection agents to file proper periodic returns with the state, it requires the brokers to remove any advertisement that isn't compliant with state or county laws, it makes it unlawful for hosting platforms to collect fees from booking services of non-compliant transient vacation rentals and it also allocates a percentage of funds to the counties to support enforcement efforts.

This bill will help us achieve a level playing field in regard to collecting taxes owed, provide for greater transparency and accountability for hosting platforms and their operators, as well as safeguard the proliferation of illegal rentals in our communities. Affordable housing opportunities for our local residents are increasingly difficult to come by in a number of communities that are witnessing the growth of illegal rentals in their neighborhoods.

We commend Senate Ways and Means Chair Dela Cruz and Senate Economic Development, Tourism and Technology Chair Wakai for their leadership in crafting the language for this bill and we look forward to working with members of the aforementioned committees to ensure the successful passage of this measure.

Mahalo.

Sincerely,



Mufi Hannemann  
President & CEO



Gregg Nelson  
Chairman of the Board



Glenn Vergara  
Chairperson Elect



Michael Jokovich  
Vice Chairperson



Bonnie Kiyabu  
Oahu Chapter Chairperson



Angela Nolan  
Maui Chapter Chairperson



Steve Yannarell  
Hawai'i Island Chapter Chairperson



Jim Braman  
Kaua'i Chapter Chairperson

**The following is a list of hotels represented by the Hawai'i Lodging & Tourism Association:**

Aqua-Aston Hospitality, LLC  
Castle Resorts & Hotels  
Colony Capital, LLC  
Halekulani Corporation  
Hawaiian Hotels & Resorts, LLC  
Highgate Hotels  
Hilton Grand Vacations  
InterContinental Hotels Group  
Ko Olina Resort  
Kyo-ya Company LLC  
Kyo-ya Management Company, Ltd.  
Lucky Hotels U.S.A. Co., Ltd.  
Marriott International, Inc.  
Outrigger Enterprises Group  
Prince Resorts Hawaii, Inc.  
Pulama Lana`i  
Sasada International, LLC

Aina Nalu Lahaina by Outrigger  
Airport Honolulu Hotel  
Ala Moana Hotel  
Alohilani Resort Waikiki Beach  
Ambassador Hotel Waikiki  
Andaz Maui at Wailea Resort  
Aqua Aloha Surf Waikiki  
Aqua Bamboo & Spa  
Aqua Kauai Beach Resort  
Aqua Oasis  
Aqua Pacific Monarch  
Aqua Palms Waikiki  
Aqua Park Shore Waikiki  
Aqua Skyline at Island Colony  
Aqua White Sands Hotel  
Aston at Papakea Resort  
Aston at Poipu Kai

Aston at the Executive Centre Hotel  
Aston at the Maui Banyan  
Aston at the Waikiki Banyan  
Aston at The Whaler on Kaanapali Beach  
Aston Islander on the Beach  
Aston Kaanapali Shores  
Aston Kona by the Sea  
Aston Mahana at Kaanapali  
Aston Maui Hill  
Aston Maui Kaanapali Villas  
Aston Shores at Waikoloa  
Aston Waikiki Beach Hotel  
Aston Waikiki Beach Tower  
Aston Waikiki Beachside Hotel  
Aston Waikiki Circle Hotel  
Aston Waikiki Sunset  
Aston Waikoloa Colony Villas  
Aulani, a Disney Resort & Spa  
Best Western Pioneer Inn  
Best Western The Plaza Hotel  
Breakers Hotel  
Coconut Waikiki Hotel  
Courtyard by Marriott Kaua'i at Coconut Beach  
Courtyard by Marriott King Kamehameha's Kona Beach  
Courtyard by Marriott Waikiki Beach  
Courtyard Oahu North Shore  
Doubletree by Hilton Alana Waikiki Hotel  
Embassy Suites by Hilton Oahu Kapolei  
Embassy Suites Hotel - Waikiki Beach Walk  
Ewa Hotel Waikiki - A Lite Hotel  
Fairmont Orchid Hawaii  
Four Seasons Resort Lana`i  
Four Seasons Resort Maui  
Four Seasons Resort O'ahu at Ko Olina  
Grand Hyatt Kauai Resort & Spa  
Grand Naniloa Hotel  
Grand Wailea  
Hale Koa Hotel  
Halekulani  
Hampton Inn & Suites, Kapolei  
Hapuna Beach Prince Hotel  
Hilton Garden Inn Kauai Wailua Bay  
Hilton Garden Inn Waikiki Beach  
Hilton Grand Vacations at Waikoloa Beach Resort  
Hilton Grand Vacations Club  
Hilton Hawaiian Village Waikiki Beach Resort  
Hilton Waikiki Beach  
Hilton Waikoloa Village Resort & Spa  
Hokulani Waikiki by Hilton Grand Vacations Club  
Holiday Inn Express Waikiki  
Holiday Inn Waikiki Beachcomber Resort  
Honua Kai Resort & Spa  
Hotel Coral Reef Resort  
Hotel Renew by Aston  
Hotel Wailea Maui  
Hyatt Centric Waikiki Beach  
Hyatt Place Waikiki Beach  
Hyatt Regency Maui Resort & Spa  
Hyatt Regency Waikiki Beach Resort & Spa  
Ilikai Hotel and Luxury Suites  
Ilima Hotel  
Ka`anapali Beach Club  
Ka`anapali Beach Hotel  
Kahana Falls  
Kauai Marriott Resort & Beach Club  
Kiahuna Plantation Resort by Castle Resorts  
Ko`a Kea Hotel & Resort  
Kona Coast Resort  
Lawai Beach Resort  
Lotus Honolulu at Diamond Head  
Luana Waikiki Hotel and Suites  
Marriott's Kauai Lagoons, Kalanipu'u  
Marriott's Ko Olina Beach Club  
Marriott's Maui Ocean Club  
Marriott's Waiohai Beach Club  
Maui Beach Hotel  
Maui Coast Hotel  
Maui Condo & Home, LLC  
Maui Eldorado Kaanapali by Outrigger  
Mauna Kea Resort  
Mauna Lani Resort  
Mauna Loa Village IOA  
Moana Surfrider, A Westin Resort & Spa  
Montage Kapalua Bay  
Napili Kai Beach Resort  
OHANA Waikiki East by Outrigger  
OHANA Waikiki Malia  
Ohia Waikiki Hotel  
Outrigger Kiahuna Plantation  
Outrigger Napili Shores  
Outrigger Palms at Wailea  
Outrigger Reef Waikiki Beach Resort  
Outrigger Regency on Beachwalk  
Outrigger Royal Sea Cliff  
Outrigger Waikiki Beach Resort  
Pacific Marina Inn

Pagoda Hotel  
Pearl Hotel Waikiki  
Plantation Hale Suites  
Prince Waikiki  
Queen Kapiolani  
Raintree - Kona Reef Raintree Vacation Club  
Ramada Plaza Waikiki  
Royal Grove Hotel  
Royal Kahana Maui by Outrigger  
Royal Kona Resort  
Royal Lahaina Resort  
Sheraton Kauai Resort  
Sheraton Kona Resort & Spa at Keauhou Bay  
Sheraton Maui Resort and Spa  
Sheraton Princess Kaiulani  
Sheraton Waikiki Resort  
Shoreline Hotel Waikiki  
St. Regis Princeville Resort  
Stay Hotel Waikiki  
The Cliffs at Princeville  
The Club at Kukui`ula  
The Fairmont Kea Lani, Maui  
The Imperial Hawaii Resort At Waikiki  
The Kahala Hotel & Resort  
The Laylow, Autograph Collection

The MODERN Honolulu  
The New Otani Kaimana Beach Hotel  
The Point at Poipu, Diamond Resorts International  
The Ritz-Carlton Residences, Waikiki Beach  
The Ritz-Carlton, Kapalua  
The Royal Hawaiian, A Luxury Collection Resort  
The Surfjack Hotel & Swim Club  
The Westin Maui Resort & Spa  
The Westin Princeville Ocean Resort Villas  
Travaasa Hana  
Trump International Hotel Waikiki  
Turtle Bay Resort  
Vive Hotel Waikiki  
Waikiki Beach Marriott Resort & Spa  
Waikiki Grand Hotel  
Waikiki Parc Hotel  
Waikiki Resort Hotel  
Waikiki Sand Villa Hotel  
Waikiki Shore  
Waikoloa Beach Marriott Resort & Spa  
Wailea Beach Marriott Resort & Spa  
Waipouli Beach Resort & Spa by Outrigger  
Westin Ka'anapali Ocean Resort Villas  
Wyndham at Waikiki Beach Walk  
Wyndham Vacation Resorts Royal Garden at Waikiki



**LATE**

*Maui Hotel & Lodging*  
ASSOCIATION

Testimony of

**Lisa H. Paulson**

Executive Director

Maui Hotel & Lodging Association

on

SB 2963 Proposed SD 1

**Relating To Transient Accommodations**

COMMITTEE ON WAYS AND MEANS

COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM AND TECHNOLOGY

**Monday, February 5, 2018, 9:55am**

**Conference Room 211**

Dear Chairs Dela Cruz and Wakai, Vice Chairs Keith-Agaran and Taniguchi; and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes 185 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 25,000 residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

**MHLA supports SB 2963 Proposed SD 1**, which establishes a 1-time amnesty program for certain delinquent transient accommodations and general excise tax obligations. Allows transient accommodations brokers to register as a tax collection agent for its operators and plan managers. Requires registered tax collection agents to inquire with their operators and plan managers whether the transient accommodation is in compliance with all state and county land use and tax laws. Requires the operator or plan manager to provide verification of compliance with state and county land use laws. Requires an operator or plan manager to remove a transient accommodation advertisement upon notice that the property is not in compliance with state law or county ordinance. Makes it unlawful for transient accommodations brokers to engage in business with operators of plan managers that are not in compliance with all state laws and county ordinances. Authorizes counties to disgorge profits obtained through unfair or unlawful business practices. Authorizes counties to adopt ordinances to amortize or phase out transient vacation rental units. Allocates an unspecified percentage of GET and TAT tax revenues to the counties, contingent upon establishment of a process to provide verification of compliance by an operator or plan manager with county land use laws. Makes it unlawful for a hosting platform to collect a fee for booking services regarding transient vacation rentals that are not lawfully certified, registered, or permitted under applicable county ordinance.

MHLA is in support of establishing a level playing field for all visitor accommodations. There are more than 38,000 alternative accommodations in the Hawaiian Islands competing with hotels, resorts, timeshares, and bed-and-breakfasts, with many of them likely avoiding the 10.25 percent transient accommodations and general excise taxes. This Bill would simplify administration for both the Department of Tax and the alternative accommodations and reduce the State's enforcement burden in ensuring individual tax compliance.

Thank you for the opportunity to testify.

**LATE**

**SB-2963**

Submitted on: 2/4/2018 7:58:27 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Angela Nolan	Vistana Signature Experiences	Support	No

Comments:

Chair Dela Cruz, Chair Wakai and members of the committees, mahalo for the opportunity to offer this

testimony on behalf of the nearly 700 members of the Hawai'i Lodging & Tourism Association, the state's largest

private sector visitor industry organization. In addition, as the Chair of the Maui Hotel and Lodging Association, I support and represent my Maui members as well.

Senate Bill 2963 SD1 is a major priority bill for the Hawai'i Lodging & Tourism Association. The HLTA

**strongly supports** this measure, as we did a similar measure last session, which would allow online hotel and

vacation booking companies to collect the TAT and GET from their hosts, as well as add layers of transparency,

enforcement and accountability to the short term online rental markets and their operators.

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 proper tax



registrations, county zoning laws, and are skirting our 10.25 percent Transient Accommodations Tax, and our

General Excise Tax.

Through SB 2963 SD1 we are glad to see that many of the visitor industry's concerns from the past two

years have been addressed. This includes the issues of transparency, registration, accountability, and enforcement.

We strongly support this measure as it requires the transient accommodations brokers to ensure their operators

obtain a GET license and TAT registration as well as ensure they are compliant with county zoning and land use

ordinance, it requires the tax collection agents to file proper periodic returns with the state, it requires the brokers

to remove any advertisement that isn't compliant with state or county laws, it makes it unlawful for hosting

platforms to collect fees from booking services of non-compliant transient vacation rentals and it also allocates a

percentage of funds to the counties to support enforcement efforts.

This bill will help us achieve a level playing field in regard to collecting taxes owed, provide for greater

transparency and accountability for hosting platforms and their operators, as well as safeguard the proliferation of

illegal rentals in our communities. Affordable housing opportunities for our local residents are increasingly

difficult to come by in a number of communities that are witnessing the growth of illegal rentals in their

neighborhoods.

We commend Senate Ways and Means Chair Dela Cruz and Senate Economic Development, Tourism

and Technology Chair Wakai for their leadership in crafting the language for this bill and we look forward to

working with members of the aforementioned committees to ensure the successful passage of this measure.

Sincerely and With Aloha,

Angela Nolan

Chair, Maui Hotel and Lodging Association

Testimony of

Glenn P. Vergara  
General Manager  
Waikiki Resort Hotel

Senate Committees on  
Ways and Means  
Economic Development, Tourism, and Technology

Senate Bill 2963 Proposed SD1

Chair Dela Cruz, Chair Wakai, and members of the committees, mahalo for the opportunity to offer this testimony on behalf of Waikiki Resort Hotel and the 120 employees it employs, as well as the 700-member Hawaii Lodging & Tourism Association as its current Chair-Elect.

Waikiki Resort Hotel **strongly supports** Senate Bill 2963 Proposed SD1 which would allow for online hotel and vacation booking companies to collect the TAT and GET from their hosts while adding layers of transparency, enforcement and accountability to the short term online rental markets and their operators.

With an estimated 25,000+ alternative transient accommodations in the state that compete with hotels, resorts, and timeshares, it is a known fact that many are sidestepping proper tax registrations, shunning county zoning laws, and eluding our 10.25 percent Transient Accommodations Tax, and GET, giving them unfair competitive advantage over traditional accommodations that employ many thousands in the state.

This is a bill that is well overdue; one that will help us achieve a level playing field in regards to collecting taxes owed, provide for greater transparency and accountability for hosting platforms and their operators, as well as safeguard the proliferation of illegal rentals in our communities.

We thank the Senate Ways and Means Chair Dela Cruz and Senate Economic Development, Tourism and Technology Chair Wakai for their leadership in crafting this bill, and we encourage the committees to push forward SB 2999.

Mahalo.

**LATE**

Testimony of  
Christopher Tatum  
Area General Manager  
Marriott Hawaii

Senate Committees on  
Ways and Means  
Economic Development, Tourism, and Technology  
Senate Bill 2963 SD1 Proposed

Chair Dela Cruz, Chair Wakai and members of the committees, mahalo for the opportunity to offer this testimony on behalf of 19 hotels and over 6000 Marriott employees.

**Marriott Hawaii strongly supports** this measure, as we did a similar measure last session, which would allow online hotel and vacation booking companies to collect the TAT and GET from their hosts, as well as add layers of transparency, enforcement and accountability to the short term online rental markets and their operators. It is the goal of the hospitality to ensure a level playing field for all visitors 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 proper tax registrations, county zoning laws, and are skirting our 10.25 percent Transient Accommodations Tax, and our General Excise Tax.

Through SB 2963 SD1 we are glad to see that many of the visitor industry's concerns from the past two years have been addressed. This includes the issues of transparency, registration, accountability, and enforcement. We strongly support this measure as it requires the transient accommodations brokers to ensure their operators obtain a GET license and TAT registration as well as ensure they are compliant with county zoning and land use ordinance, it requires the tax collection agents to file proper periodic returns with the state, it requires the brokers to **remove any advertisement that isn't compliant with state or county laws**, it makes it unlawful for hosting platforms to collect fees from booking services of non-compliant transient vacation rentals and it also allocates a percentage of funds to the counties to support enforcement efforts.

This bill will help us achieve a level playing field in regard to collecting taxes owed, provide for greater transparency and accountability for hosting platforms and their operators, as well as safeguard the proliferation of illegal rentals in our communities.

We commend Senate Ways and Means Chair Dela Cruz and Senate Economic Development, Tourism and Technology Chair Wakai for their leadership in crafting the language for this bill and we look forward to working with members of the aforementioned committees to ensure the successful passage of this measure.

Mahalo

Christopher Tatum  
Marriott Hawaii

**From:** [Angela Larson](#)  
**To:** [WAM Testimony](#); [ETT Testimony](#)  
**Subject:** SB2963 SD1  
**Date:** Sunday, February 4, 2018 1:36:58 PM

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Oppose SB2963 SD1

Dear Senators,

It is with great sadness I read proposed Bill SB2963SD1. .

Closing private rentals such as TVUs and B&Bs does not only effect the rental owners. There are thousands residents on the islands who own local businesses and those who work for them who will join the homeless. All depend on tourists who prefer to stay in a TVU or B&B in the area where they stay.

You, and our other leaders will face accountability for this downturn. Please remember the after effects on Maui and the number of years the economy took to turn around.

Thank you,

Angie Larson

Board Member

Hawaii Vacation Rental Owners Association (HVROA)

501c6

**LATE**

**SB-2963**

Submitted on: 2/4/2018 2:39:18 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ted Klassen	Kona Coast Vacations	Oppose	No

Comments:

I am completely **opposed** to the Proposed Bill S.B No. 2963 as currently written. I am involved with a law abiding and tax remitting professional entity that has operated for the past 12 years in the short-term rental industry. We have been abiding by all regulations, providing all licensing information and remitting GE and TA taxes for all the properties we represent. We operate under the real estate act, under a licensed broker and adhere to strict guidelines. Our interpretation of the laws and real estate guidelines already in place, cover many of the issues trying to be covered in this latest bill.

Please reject this bill. Create a separate and distinct bill to address the collection and submission of taxes for website platforms such as Airbnb, HomeAway and others. Provide the local industry (those that live and work in Hawaii), some time to engage in dialogue with their county leaders, with the goal to develop a local set of regulations and guidelines. Short term rentals have been on the islands for 30 plus years, this is a not a new industry and does not need sweeping changes. Let's review, endorse and police the current laws on the books.

We are in favor of collecting taxes from illegal operators and will be happy to assist in reporting and catching any illegal operators. Please do not create state wide policies that punish both law abiding and illegal operators

One of the largest contributors to Hawaii's GDP are accommodations. Hotels are breaking records for income and occupancy. There has been a reduction in available hotel rooms due to demolition and conversion to time shares on the Island of Hawaii. The number of visitors is projected to climb. Do we want to continue to accommodate these visitors and provide great jobs (over 25 full time positions in our small company) for our residents? Many of these short-term rentals are condo hotel properties at about 630 square feet with no outdoor spaces, these properties are not suited for raising a family. Other properties are second homes where people will stay in the property up to three months a year. These properties would sit empty if not used for short term rental purposes. Let's continue to work on reducing the time frame for building permits and reducing restrictions to allow development of affordable housing.

Please let us know how to assist in moving forward.

Mahalo Ted

Ted Klassen

Kailua Kona, HI 96740



**LATE**

*Eric W. Gill, Financial Secretary-Treasurer*

*Gemma G. Weinstein, President*

*Godfrey Maeshiro, Senior Vice-President*

Friday, February 2, 2018

Senate Committees on Ways and Means and Economic Development,  
Tourism and Technology

Hawaii State Legislature  
State Capitol  
415 South Beretania Street

Re: SB 2963 SD 1

Aloha Chairs DelaCruz, Wakai 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 offer comments supporting the intent of SB 2963 SD 1. In particular, we have also included a more detailed response to AirBnb’s concerns related to potential violations of the Stored Communications Act (“SCA”) and Fourth Amendment.

While recognize the hard work of your Committees in addressing the legal concerns raised by those that oppose sensible regulations regarding illegal vacation rentals, we would also encourage your Committees to remain steadfast in requiring platforms such as AirBnb be transparent in their representations before the Legislature.

### **Revenue & “Co-Hosts”**

Does anyone really know how much revenue will actually be generated by allowing platforms such as AirBnb to act as tax collection brokers? The potential revenue that could be generated appears to be the fundamental motivation behind the Legislature taking up this issue, yet in all the discussions had over the last three years no one seems to have a clear idea. If we’re going to pass a tax bill, shouldn’t we know how much tax the State will collect? No one seems to really care. In fact, we’ve allowed Airbnb to make representations that allowing them to act as a tax collection broker would generate millions of dollars each year in additional revenue. But each time they appear before the Legislature the number changes. Last year AirBnb claimed revenue could reach \$100 million. Last week, that number was \$30 million. Before that it was \$60 million after it started off at about \$20 million.

AirBnb has done a good job of distracting us all, pretending to want to be good



community partners but it's clear that all they want is to facilitate as much business through their site as possible. Before last week Wednesday's WAM/EET hearing, did you know about AirBnb *co-hosts*? Sounds benign, but it became clear via one co-host's testimony that AirBnb actively solicits then facilitates business arrangements between individuals on their platform that allows a host in one State to "co-host" an illegal rental in ours. She had no way of verifying that the rental was legal and acted as a broker in a real estate type transaction yet had no operating license here in Hawaii. Is AirBnb really a passive platform? She testified that while she and the host in Hawaii arranges for her payment of services – AirBnb collects it all then transmits her share.

Upon further questioning by your Committees, AirBnb's mainland representative had little to respond with. Not only do we not know how much revenue would be generated, we don't know where the money collected by AirBnb would be deposited or used or accounted for. He was also unable to provide the Committee with more information on co-hosts. Yet, we – the Community, have the burden of proving how flawed their arguments really are.

This Session, AirBnb is trying to throw two additional legal roadblocks out in addition to their flawed arguments centered on the Communications Decency Act. In our view, their arguments related to the SCA & Fourth Amendment are both flawed and far-reaching.

### **Stored Communications Act**

The Stored Communications Act ("SCA"), 18 U.S.C. § 2701 (a)(1), was enacted to protect telephone and email messages, not commercial website transactions. This is shown by the very cases AirBnb cites. In *Brown Jordan International, Inc. v. Carmicle*, 846 F.3d 1167 (11<sup>th</sup> Cir. 2017), the defendant was an employee of Brown Jordan, the furniture maker. He got into the Brown Jordan email system and "accessed other employees' emails without authorization." *Id.* At 1175. In *Crispin v. Audigier*, 717 F.2d 965 (C.C. Cal. 2010), subpoenas to Media Temple, Facebook and MySpace were involved. The subpoenas attempted to retrieve messages to and from the plaintiff, Crispin. The court held that these social media were like electronic bulletin boards and they were subject to the SCA only to the extent messages posted on them were kept private.

Transactions on a publicly-open website like Airbnb are not covered by the SCA. *Keithly v. Intelius, Inc.*, 764 F.Supp.2d 1257, 1271-72 (W.D. Wash. 2011). "Intelius is an on-line information service. Customers can go to Intelius' website and, among other things, purchase background check, search for individuals, and identify callers by cellphone number." *Id.* at 1262-63. People who go to this website may purchase these services. *Id.* at 1263. The court held that Intelius is not subject to the SCA. "Intelius is not an internet service provider, telecommunications company, or a public carrier of any kind. Although it uses electronic communications to conduct its business on the internet, it

does not provide the wire or electronic communications services utilized by its customers and is therefore not subject to the SCA.” *Id.* at 1271-72 . This conclusion applies equally to AirBnb – and to many other public, commercial websites which are used for purchasing goods and services not as telecommunications facilities. *See also Crowley v. CyberSource Corp.*, 166 F.2d 1263, 1270-71 (N.D. Cal 2001)(Amazon is not an electronic communication service).

*Homeaway.com, Inc. v. City of Portland*, Civil No. 3:17-cv-00091, pending in the United States District Court for the District of Oregon, is not what AirBnb says it is. Notably, AirBnb does not cite any particular order of the court let alone provide a copy of any decision showing that the court has endorsed the idea that a site like AirBnb or Homeaway comes within the meaning of the SCA. In *Homeaway*, the court has enjoined part of the city of Portland ordinance. It did not issue a written decision. Instead, the court has simply posted a “Minute Order”. The case is still in the early stages of litigation and hardly represents a precedent of any sort.

The SCA draws a distinction between the “contents of electronic communications” and “records” of such communications. “Contents” are the substance of the communication itself. 18 U.S.C. § 2711(1). But records are just name, address, connection information, subscriber number or identity and means of payment. 18 U.S.C. § 2703(c)(2). Less protection is given to records than to contents. Importantly, a subscriber may challenge an order for release of content but not for release of records. *In Re: § 2703(d) Order*, 787 F.2d 430 (E.D. Va. 2011). Therefore, even if AirBnb was an electronic communications service, it would not be open to suit by any of its listers for reporting the records of their listings.

The impact of accepting AirBnb’s novel argument about the SCA would be far-reaching. No commercial website could be required to disclose any information about its users to the government. This would be true even when the website was being used to conduct illegal transactions — which is exactly what is happening here. Illegal short-term rentals may seem relatively benign but the argument also means that a website set up to facilitate drug transactions or prostitution could not be required to tell anything about its illegal listers. A very powerful showing of congressional intent would be required for this. AirBnb has offered none.

In any event, the SCA exempts disclosures which are authorized by users of electronic communications services. 18 U.S.C. § 2701(c)(2), § 2707(b)(3) and § 2707(c)(2). AirBnb obtains this authorization routinely and universally through its “Terms of Services” which provide that AirBnb may disclose any user information it receives when necessary to “comply with our legal obligations” and “protect the rights . . . of Airbnb.” The use of the AirBnb site must agree to these terms. AirBnb would therefore be able to comply with the reporting and disclosure provisions in SB 2999 and SB 2963 SD1.

#### **Fourth Amendment: Patel v. City of Los Angeles**

Airbnb's argument based on *City of Los Angeles v. Patel*, 576 U.S. \_\_\_, 135 S.Ct. 2443 (2015) would have even more extraordinary consequences. *Patel* did not involve a reporting and disclosure law. Instead, it was about a Los Angeles ordinance requiring hotel and motel operators to open their books and records to government inspectors upon demand. *Patel* and the case it relied upon, *Camara v. Municipal Court of City and County of San Francisco*, 387 U.S. 523 (1967), have never been applied to reporting and disclosure laws. These laws are ubiquitous at every level of government and have never been found to violate the Fourth Amendment. There is no intimation in *Patel* that the decision extends any further than the type of action involved in that case: government arrogating to itself the power to look at privately-kept records whenever it chooses.

## **Conclusion**

For the past three legislative sessions, Local 5 has argued that the key elements that at a minimum need to be included in whatever measure gets passed include:

- It must not preempt the counties' ability to enact good regulations, and to the greatest extent possible improve the counties' ability to make those regulations effective in practice;
- Rental operators should be required to certify to the tax collection broker that they are operating legally, and provide documentation to back that up;
- It should complement/supplement 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 that the money it is collecting reflects reality.

We believe SB 2999 and SB 2963 SD 1 take important steps that help ensure some of these points get addressed. We remain encouraged by provisions that would strengthen the Counties' abilities to enforce against illegal short-term vacation rentals. Sections 10 & 11 in particular appear to allow for higher fines up to and including disgorgement, sharing of data with the proper county authorities responsible for enforcement, and increased powers to enforce; these are all meaningful steps forward in this draft that we hope will remain intact as this measure moves forward for more discussion.

Thank you.

**LATE**

**SB-2963**

Submitted on: 2/4/2018 3:59:11 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

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

Comments:

The Coalition for Equal Taxation respectfully asks the legislature to defer this Bill. Many Bills are being introduced that violate the United States Constitution, the Hawaii State Constitution and the Hawaii Department of Taxation Bill of Rights. Increasingly, Bills are carving out a separate system for taxation for transient accommodation tax TAT. The punitive nature of these Bills fails to provide equal protection under the law that is afforded other tax payers in the State of Hawaii and is therefore discriminatory.

There are already tax laws applicable to payment of TAT. Tax payers either do or do not make those payments. If they do not, there are laws to deal with noncompliance that the Dept. of Tax is empowered to utilize - just as with any other tax payer. This already exists.

This Bill proposes to provide the counties with an electronic data sheet containing names, tax information, rates, income, etc. All such information is confidential to the State Dept. of Tax. The Hawaii State Constitution ensures:

"the right of the people to be secure in their persons, houses, papers and effects against unreasonable searches, seizures and invasions of privacy shall not be violated."

Transient accommodations operators are also entitled to these provisions just as any other person or tax payer in Hawaii.

TA operators should be entitled to have a direct relationship with the Dept. of Tax, just like any other tax payer, and not be required to have their taxes paid by a broker/platform. There is no provision for a tax payer to be relieved of their licensing and liability for payments so why should there be a third party interfering with these responsibilities?

This Bill also provides for Class C felony charges for zoning violations. Will each and every zone violator be charged with Class C felony, or only a person providing transient accommodations. It is doubtful there is any other State in the Nation that has a law that a zoning violation would be a Class C felony.

This Bill provides for disgorgement, money, real property, personal property seizure for "unfair or unlawful business" zoning violations. Will you also seize a home of someone running a beauty shop out of their kitchen, or again, will this be applied only against transient accommodations. Once again, Hawaii would undoubtedly be the first State in the Nation to seize someone's home for a zone violation.

This bill provides for phasing out of non-conforming (who are currently legally permitted) as well as conforming use of transient accommodations in any zoning. Will the counties be paying eminent domain sums for shutting down legally operating businesses? Maui has over 16,000 units who by zone are legal to conduct transient accommodation. What would be the purpose to changes this?

All tolled, these provisions are excessively punitive, excessively harsh for the offense, deny due process, are discriminatory in nature and certainly violation a number of protections in the Hawaii State Constitution.

There are over 50 proposed Bills this year dealing with transient accommodation. We humbly ask the legislature to evaluate what is being proposed through the guiding principles of fairness, equal treatment and equal protection that are foundations of democratic societies. These Bills have lost sight of the fact that there are many, many law abiding transient accommodation operators. Tax laws in the United States and Hawaii are "voluntary" systems. This means they are self reporting. Tax payers in Hawaii, whether reporting their income or a business reporting GET, is self reporting. These Bills written for transient accommodations are drifting to presume otherwise. This is prejudicial.



## 'ĀINA HAINA COMMUNITY ASSOCIATION

c/o 'Āina Haina Library, 5246 Kalaniana'ole Highway, Honolulu, HI 96821  
ainahainaassoc@gmail.com; www.ainahaina.org

Jeanne Ohta, President • Melia Lane-Kanahele, Vice-President • Art Mori, Treasurer • Kathy Takemoto, Secretary • Directors At Large: Jeff Carlson, Wayson Chow, Patricia Moore, Marie Riley

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February 5, 2018

To: Senator Donovan Dela Cruz, Chair  
Senator Gilbert Keith-Agaran, Vice Chair and  
Members of the Committee on Ways and Means

**LATE**

To: Senator Glenn Wakai, Chair  
Senator Brian Taniguchi, Vice Chair and  
Members of the Committee on Economic Development, Tourism, and Technology

From: Jeanne Y. Ohta, President

RE: SB 2963 Proposed SD1 Relating to Transient Accommodations

POSITION: Support with Amendments

The Board of Directors of the 'Āina Haina Community Association write in support of SB 2963 Proposed SD1 Relating to Transient Accommodations. The provision of the measure that needs additional consideration is to allow internet platforms such as Airbnb and others to become licensed tax collection agents of the State of Hawaii.

Because of the scope of illegal rentals in our communities, any tax collection proposal that doesn't sanction the property owners for these illegal activities is unacceptable. The current system enforced by the City's Department of Planning and Permitting is simply ineffective. City officials have been and continue to be unable to close illegal operations.

The most promising aspect of this bill is the "disgorgement" of profits from illegal activities. The current system of fines is seen as the cost of doing business. It does not discourage illegal businesses. Should those profits be subject to disgorgement, enforcement actions may not drag out for years as it does now. We also support the following provisions:

- Requiring the Broker to identify and report the address of the short term rental
- Requiring the operator of the rental to prove to the Broker with county written certification that the subject property can be legally rented short-term
- Requiring the operator to remove any posting that is not in compliance with county land use laws
- Making the state tax filings for short term rental transient accommodation taxes and general excise taxes available to counties for enforcement
- Making a Class C felony any relationship between the Broker and illegal rentals
- Allowing county legislation making violators subject to a Class C felony

We ask the committees to draft and pass legislation that will truly enable enforcement of current laws. Thank you for the opportunity to provide testimony.

**LATE**

**SB-2963**

Submitted on: 2/4/2018 3:16:54 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Danilo Napala	Castle Gold Inc	Oppose	No

Comments:

I Oppose SB2963 - Let the Counties do their work

It is unwise to be a dictator - let the counties do their current work on creating a regulatory laws regarding vacation rentals in our community.

As local resident I want taxes be paid to enable more benefits to the local community. Each community has its own needs. Let us - Create more jobs.

I strongly encourage you to consider my testimony. I Oppose SB2963

**LATE**

**SB-2963**

Submitted on: 2/4/2018 11:24:25 AM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gregory Cochran	Pedro Point Surf Club	Oppose	No

Comments:

Dear Representatives,

Please hold off on voting on the provisions in SB2963 regarding short term rentals until the counties can develop better zoning ordinances and guidance to property owners. In our particular case, we have 2 short term condo rentals in a high rise in Waikiki. This building's by laws, which were in compliance with all laws when enacted 50 years ago, specifically allow short term rentals. We are fully registered with the city/county of Honolulu and have paid all GET and TAT taxes diligently for over 20 years amounting to at least \$100,000, and there are dozens of other owners in our building in the same situation. These units have always been short term rentals - they are not removing any housing stock from the market nor changing the character of the building/neighborhood. Due to current controversy around all short term rentals, our investments, legal status, and peace of mind are in jeopardy. Please reconsider this vote while we can work through these concerns together.

Mahalo for your consideration.

Karen & Greg Cochran

Waikiki Lanais



**LATE**

**SB-2963**

Submitted on: 2/4/2018 11:54:36 AM  
Testimony for WAM on 2/5/2018 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chin Lee		Oppose	No

Comments:

To Ways and Means Committee,

I strongly oppose SB2963. There was a similar bill SB2999 last week, and the bill received over 110 oppositions. Why does the committee propose a new bill with similar language and trying to insert itself into this issue when counties are trying to develop and implement local regulations on this issue. The legislature should allow the counties to develop their own zoning and regulatory solutions before considering any additional action.

Currently, Oahu and Big Island are working toward creating a regulatory framework regarding vacation rentals. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns. Last November, Hawaii County Councils discussed the possibility of regulating vacation rentals. Furthermore, Governor Ige vetoed a measure passed through the state legislature that would have allowed transient accommodations brokers to register as tax collection agents with the state.

This is why it is important to allow the counties to explore regulatory framework before moving forward with another state tax plan that may be squashed by the current administration. Vacation rentals fall under the city's/county's jurisdiction. In order for any bill to work as intended, counties should enforce their own laws on vacation rentals.

I hope you will consider my testimony when you consider this bill. Thanks

**LATE**

**SB-2963**

Submitted on: 2/4/2018 12:50:33 PM  
Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Candace Persoage		Oppose	No

Comments:

OPPOSE THIS BILL.

It is jumping the gun by the state on regulating something that should be regulated by the individual cities and counties.

**LATE**

**SB-2963**

Submitted on: 2/4/2018 12:53:44 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ann Whitener		Oppose	No

Comments:

We OPPOSE this bill because we feel it is excessive and goes beyond the powers that the state should have over what should actually be a local level issue.

Mahalo,

Lynn Seabolt Whitener

Makaha

**From:** [Gordon Hanson](#)  
**To:** [WAM Testimony](#); [ETT Testimony](#)  
**Subject:** OPPOSE SB 2963  
**Date:** Sunday, February 4, 2018 12:50:49 PM

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I OPPOSE SB 2963

\$4,000,000 could be better spent for affordable housing and feeding the homeless.

What will you tell your constituents when local business collapse because you closed STRs? Many Kailua business would close!

Gordon Hanson

**LATE**

**SB-2963**

Submitted on: 2/4/2018 1:10:02 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sandra Hollenberg		Oppose	No

Comments:

PLEASE OPPOSE Bill SB 2963.

It simply does not serve in our communities best interest. We need private vacation rentals in our area, this bill is assuming what the entire state needs. Our local people cannot afford for their friends and family to stay 1/2 hour away in an expensive luxury hotel, or over an hour away in an ohana hotel, when they need to fly here for weddings, funerals, memorials, family gatherings, or even sometimes their kids need to come interisland for school sports competitions.

These rentals serve a valuable niche in our society, neighborhood, and economy, and the bill does not account for that by assuming what's good for the entire state.

Thank you,

Sammy and Jack Hollenberg

Makaha, Oahu

**LATE**

**SB-2963**

Submitted on: 2/4/2018 1:03:48 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
H.Lee		Oppose	No

Comments:

I strongly OPPOSE this bill in all its forms.

The state lacks the ability to adequately determine the needs of each and every area of each island in our state. A blanket bill is not the answer.

Due to lack of hotels in some areas ( pahoia/puna districts are some in particular), some of our towns need transient accommodations very badly.

Regulation of these types of rentals should be left to the cities and counties who are more in tune to the needs of their residents.

Mahalo for listening,

H. Lee , Kapoho

**LATE**

**SB-2963**

Submitted on: 2/4/2018 11:49:46 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ming		Oppose	No

Comments:

This bill is preposterous. Maui and Kauai counties have established zoning regulations, and Oahu is finally making some headway towards a fair resolution. This is not the time for the State to interfere. Vacation rentals do so much good for Hawaii. Before the State tries to impose tax regulations and penalties, all the counties should be allowed to resolve their zoning and permitting issues. If Maui and Kauai can come up with a functional regulatory framework, why can't we let Oahu and Hawaii County do the same before the State tries to step in?

**LATE**

**SB-2963**

Submitted on: 2/4/2018 11:21:25 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Aaron Delos Reyes		Oppose	No

Comments:

Dear Honorable Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

In this current version, the State of Hawaii plans to classify ALL owners/operators of non conforming short term rentals as class C felons for various reasons (i.e. due to C&C zoning) . Why are you going to do this when a majority of operators/owners pay their GET and TAT? These taxpayers are providing a financial benefit to the State of Hawaii. This Bill is saying it is okay for the State of Hawaii to collect Billions in taxes yet call these people felons? There is no justice in this, in the end the State should return the taxes collected to the owners/individuals who paid this in good faith to benefit the State of Hawaii not hurt it!

Furthermore I strongly oppose bill SB2963 because I think it is wise to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work.

As a local resident, I understand the state's need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities.

The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. The Big Island is going through their own examination of the issue as well.

Each island has their own specify community needs and unique situations, and I strongly encourage you to allow them to develop rules and regulations to reflect the specific needs of their residents, before passing anything.

The industry has become and important part of our State economy and identity. Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs

([http://www.hawaiiauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiiauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)). This money helps fund schools, roads and services we all need to live and flourish.



I hope you will consider my testimony when you consider this bill.

Aloha,

Aaron

**LATE**

**SB-2963**

Submitted on: 2/5/2018 8:28:41 AM  
Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeannine Johnson		Support	No

Comments:

**LATE**

**SB-2963**

Submitted on: 2/4/2018 9:56:00 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
ronald steiner		Oppose	No

Comments:

Senators,

**I am against this bill!** I find it amazing that for one, you are looking at a Bill, which if passed, would classify law abiding and peaceful citizens of this community, property owners paying their taxes...of a Class C Felony! I can't imagine how social media, the news, the tourist industry at large would handle this! Keep the Hotel Unions at bay! The State of Hawaii would be unfortunately a laughing stock just as the incompetence of our emergency management office showed the World! Please!! back off on this preposterous proposal and let the Counties come up with a workable solution for our neighborhoods, permitting, and working with the State on Tax Collection.

Home accommodations for short term rental are now world wide and not going away, in spite of what **our** Hotel Industry would like to see. We now have upwards of 9 Million tourists a year coming to these Islands; without the short term rentals, this, as the numbers will show, would be hard if not impossible for the Hotels to handle. They are close to capacity, charge excessively and do not fill the needs of many local families and tourists who prefer to stay with or close to families and friends.

Please defer this Bill and work with the counties; stay away from draconian measures as this Bill proposes.

Regards and thank you for your consideration

Ronald Steiner

**LATE**

**SB-2963**

Submitted on: 2/4/2018 9:42:32 PM  
Testimony for WAM on 2/5/2018 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ashley Bowthorpe		Oppose	No

Comments:

Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

I strongly oppose bill SB2963.

As it stands right now, Counties are currently working on creating a regulatory framework regarding vacation rentals. The Senate needs to allow them finish their work.

As a local resident, I understand the state’s need to collect taxes, I am proud to say that I pay my taxes in full and on time every month. I also understand that there are many out there not doing this and there needs to be a way of enforcing collection.

From all of the meetings I've attended, I understand that the Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. I believe the other islands are also working on similar issues, individual to their communities' specific needs.

I strongly encourage you all to let us finish our development as it has been started.

I have a good friend in the rental industry. Being an illegal rental (as the majority of short term rentals out here are), she did not want her name disclosed for obvious reasons, but her situation is one case that I am sure represents many others on island. We will call her Jane.

Jane is currently in the rental industry. She helps to manage her family's home out here on Oahu. Her parents use the home about once a month and she rents out to other families in between. Not only is she sharing Hawaii with so many grateful families worldwide, but by doing this, she employ several families from our small community. Jane’s housekeeper is a mother that brings her small children with her to work. This woman’s family could not survive in Hawaii without rentals like Jane’s and this housekeeper cannot afford to put all of her children in daycare to start working in Honolulu doing similar unionized work. Jane is selective in choosing good tenants that do not bother her neighbors or communities. In turn they help our local economies,

specifically local vendors like myself. The taxes Jane pays from this income goes on to benefit our schools, roads, and other services the state needs. Without renting out these in between dates, her home would simply sit vacant. It would create no extra jobs or revenue for our community and the State of Hawaii.

Currently it is not possible to get a license or certification to have a short term vacation rental. But as a County, we are working on it. In the meantime, we pay our taxes in full and do what we can to move the work forward.

I fear that this bill will completely shut down the vacation rental industry in the small communities on the island. Not only will this leave many families unemployed, but it will deprive the state of much of the 5 Billion dollars in economic activity Hawaii saw last year. ([http://www.hawaiitourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiitourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)).

Again, I understand the need to enforce taxation, but I fear this bill will do more to hurt our local economies than increase Hawaii's collected taxes. **If most of our Island's vacation rental homes are enforced as illegal, there will be far fewer taxes to collect.** Allow us to finish our individual County regulations, rather than shutting our economies down before resolution is reached.

Thank you for your time in reading this, I hope you will consider my testimony when you consider this bill.

Aloha,

Ashley

**LATE**

**SB-2963**

Submitted on: 2/4/2018 5:09:09 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kathleen Dinman		Oppose	No

Comments:

OPPOSE for SB2963 SD1

February 5, 2018

Testimony of Kathleen Dinman

(808)780-6325

To Chairperson:

My name is Kathleen Dinman. Thank you for the opportunity to testify in opposition of SB2963. Please consider allowing shot term rental accommodations.

I have been a widow for over 7 years and have two children. The only way I can pay for college tuition at UH and keep paying for repairs and maintenance on my home in Kailua is to share my home with visitors for additional income.

I contribute to the community by using the services of pool cleaner, house cleaner, and airport shuttle. I encourage my guests to dine at nearby restaurants and shop for locally grown produce.

I live on the same property and make sure the visitors do not bother my neighbors, I provide a parking stall on my property, and I supervise the noise level.

Most of these visitors said they would not travel to Hawaii if they had to stay in a hotel in Waikiki. Either they have experienced that part of Hawaii on a previous trip or they prefer to be outside a major city.

I support the idea of taxing the income on short term rentals and using part of that to help homeless families. Thank you for consideration short term rentals.

Aloha,

Kathleen Dinman

(808)780-6325

**LATE**

**SB-2963**

Submitted on: 2/4/2018 7:58:23 PM  
Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Norm Nichols		Oppose	No

Comments:

I am vehemently opposed to this bill as it is inappropriate for this to even be heard until the counties have established procedures for any kind of visitor rental to operate. The committee also assumes that there are no TAT or GET taxes being paid by anyone who is operating any kind of unit that currently doesn't have permitting by the counties which is grossly untrue. Since 1959 the State of Hawaii has been on a rampage to sell visitors on coming to Hawaii and therefore has created the demand and situation we now find ourselves faced with for the lack of accommodations today. Given that the hotels and travel industry has been reaping high profits and the mismanagement by the state and counties which has been dismal this bill is an affront to us, residents, who are struggling to survive the mess you have created. Take any further action to move forward in this arena, keep collecting the taxes we are paying and dictate to the counties that they must resolve their inability provide a permitting process to allow all of us to move forward. The state has issued us tax licenses, we do pay our taxes it isn't the counties place to determine whether we are legal or illegal that is determined by the State the counties are charged with permitting and regulating those of us who are legal business, who hold tax licenses issued by the state and who DO pay taxes.



**LATE**

**SB-2963**

Submitted on: 2/4/2018 10:38:32 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cecila Gomez		Oppose	No

Comments:

I carefully read SB2963 and many of what was said in the bill regarding how short term rentals are adversely affecting the population here on Oahu are not true. These so called studies were paid for lobbyist from the hotel unions totally biased. If you read other reports performed by independent agencies you will discover the truth on how short term rentals has positively help working class residents on Oahu. This notion that 70% of vacation rentals are owned by out of state owners is totally bogus. Many Hawaiians that I know have vacationa rentals and have helped them substantially make ends meet. Also the statement that vacation rentals cause homelessness is another fabrication. Many of these homeless are either out of state or mentally ill people. The reason why other state municipalities fly their homeless to Oahu is because you guys offer them everything at our tax payer expenses.

Short term rentals have become a prime necessity for many local families, have helped my local home-based businesses in our neighborhoods. Have even helped many pay for their mortgage and improve their homes. Try taking that away from local folks and you will find yourself out of office.

With all your legislative fiscal irresponsibilities esp with the rail you would think that the state of Hawaii would have approved the AirBnB and others to pay your the tax on short term rentals, which would come out to a windfall of about \$25 million dollars. But knowing how dumb and corrupt you guys.

Don't even think of proceeding with this bill

Sincerely,

Rosana Gomez

**LATE**

**SB-2963**

Submitted on: 2/4/2018 9:24:35 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Baxter		Oppose	No

Comments:

Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

This is seems to be yet another piecemeal effort to placate some special interest and put off what really needs to be done: **address this issue in its entirety.**

Are we going to allow platforms like Airbnb to operate in Hawaii? Are we going to have a clear cut path to legality of these accommodations? Are we going to have the corporations collect the taxes or the individuals submit the appropriate paperwork and monies? Are we going to distinguish between homeowners who are truly hosting guests and property investors skirting business laws?

Why are we funding investigative and punitive measures when none of these questions have been answered yet?

We could make use of these funds and ones collected through a solid transient accommodation model to genuinely help those who need affordable housing in Hawaii.

Thank you for listening.

**LATE**

**SB-2963**

Submitted on: 2/4/2018 6:38:52 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael Heh	N/a	Oppose	No

Comments:

Dear Members of Senate Committees on Ways and Means Committee,

I strongly oppose bill SB2963 because we should let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work.

As a local resident, I understand the state's need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities.

The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. The Big Island is going through their own examination of the issue as well.

Each island has their own specify community needs and unique situations, and I strongly encourage you to allow them to develop rules and regulations to reflect the specific needs of their residents, before passing anything.

The industry has become and important part of our State economy and identity. Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs

([http://www.hawaiiitourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiiitourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)). This money helps fund schools, roads and services we all need to live and flourish.

Please consider my testimony when you consider this bill.

Aloha, Michael and Maria Heh

440 Olohana Street, Honolulu Hawaii

**LATE**

**SB-2963**

Submitted on: 2/4/2018 9:35:44 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Susan J. Wurtzburg	American Association of University Women, Hawaii	Support	No

Comments:

This testimony is submitted by me personally, not on behalf of AAUW-Hawaii.

I am a renter and live in Kailua. Much of my street (Kuuala) is made up for entire structures rented as short-term rentals on Air BnB. Basically, these are all illegal rentals. There are also rentals on my street of portions of home, some of them with separate entrances. I am most concerned about the numbers of full structures illegally rented, since they dramatically reduce the rental inventory in my neighborhood for people who live here long-term. I see this bill as a way to stop these illegal short-term rentals from proliferating. This situation has continued in an unregulated fashion for many years, and it is getting worse and worse. This bill would be a good start.

People who rent short-term illegally may argue that they need the income to pay their mortgages. I have little sympathy for this argument. I know I can't afford a home here, and therefore, I rent.

**LATE**

**SB-2963**

Submitted on: 2/4/2018 3:44:55 PM  
Testimony for WAM on 2/5/2018 9:55:00 AM

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

Comments:

I support SB2963 as it is a step in providing support for the community, ensuring a fair and level playing field for all those involved in the TVU business and providing support for county zoning laws - all units must be legal according to each counties' rules.

Please keep moving this bill forward.

Mahalo,

Kathleen Pahinui,

Waialua, North Shore, Oahu

**LATE**

**SB-2963**

Submitted on: 2/4/2018 3:31:53 PM

Testimony for WAM on 2/5/2018 9:55:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
loribel Napala		Oppose	No

Comments:

I strongly OPPOSE - SB2963

Let each county do its work. Each county has its unique needs.

Let us create more JOBS

I strongly encourage you to REJECT - OPPOSE SB2963

**LATE**

**SB-2963**

Submitted on: 2/5/2018 11:01:01 AM

Testimony for WAM on 2/5/2018 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Axel Kratel		Oppose	No

Comments:

We are hosts and we collect taxes and pay our TAT and GET taxes and would love to see laws put in place that force other TVR operators to do the same. However, the part of this bill that would force platforms to verify that a listing can legally operate is not feasible for the Big Island, since the Big Island TVR laws are currently non-existent. Furthermore, booking platforms should not be paying the TAT taxes directly, but rather, they should be forced to facilitate the collection of TAT and GET on the behalf of TVR operators. Currently, Airbnb IS THE ONLY PLATFORM THAT DOES NOT PROVIDE ANY TAX FIELDS to support TVR owners in supporting tax collection. On VRBO, we can add tax fields that allow us to collect the taxes and then we pay it to the State. if the State wants to force compliance, then the State should require that Airbnb provides the tax fields to TVR owners, and should also report to the State when taxes are collected so that it can verify that owners are paying their taxes. As TVR operators, we currently use the Airbnb resolution center to collect the taxes and remit them to the State. It's a clumsy work around, and there is absolutely no reason why Airbnb can't provide the same tax fields that the VRBO platform provides. we do not want Airbnb to be paying the taxes on our behalf, because it would make the tax filing process a complete mess for TVR owners. If you want to get really fancy, you can force platforms like Airbnb to enable an electronic tax payment system where we can enter our TAT number and then have any collected taxes paid directly to the State by instant bank transfer on our behalf **UNDER OUR TAT number**. Then as TVR owners we would just file a recomciliation. But do not take the owners out of the equation.



**From:** [Lisa Hendrickson](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2963 - Let the Counties do the work  
**Date:** Sunday, February 4, 2018 10:18:24 AM

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Dear Members of Senate Committees on Ways and Means and Economic Development,  
Tourism and Technology,

I strongly oppose bill SB2963 because I think it is wise to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work. Each island county is different and has different needs for regulation.

As a local resident, I understand the state's need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities, but tourism and the desires of visitors to Hawaii are changing and many do not want to stay in hotels in the touristy areas of the islands. The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. A long range plan that permits more transient vacation rentals on Oahu and the other islands, but also regulates and taxes them is much needed. Please allow the counties to put their plans into place before passing statewide legislation!

Sincerely,

Lisa Hendrickson

34 Puukani Place

Kailua, HI 96734

808-261-3543



**From:** [nick antaga](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2963 - Leave our property rights in tact.  
**Date:** Monday, February 5, 2018 8:08:58 AM

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Dear Members of Senate Committees on Ways and Means and Economic Development,  
Tourism and Technology,

We have never rented short term, but reserve the right to do so and object to any attempt to undermine our property rights. Also, we support our neighbors who rely on short-term rental income.

How dare you threaten our neighbors with a felony for welcoming vacationers to their home?

I strongly oppose bill SB2963 because I think it is wise to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work.

Mahalo,

Nick Bredimus

343 Lama Pl

Kailua, HI 96734

**LATE**

**From:** [pappysurfs@aol.com](mailto:pappysurfs@aol.com)  
**To:** [WAM Testimony: Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2963 - Let the Counties do the work  
**Date:** Sunday, February 4, 2018 7:34:19 PM

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Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology, I strongly oppose bill SB2963 because I think it is wise to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work. As a local resident, I understand the state's need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities. The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. The Big Island is going through their own examination of the issue as well. Each island has their own specify community needs and unique situations, and I strongly encourage you to allow them to develop rules and regulations to reflect the specific needs of their residents, before passing anything. The industry has become an important part of our State economy and identity. Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs ([http://www.hawaiitourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiitourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)). This money helps fund schools, roads and services we all need to live and flourish. I hope you will consider my testimony when you consider this bill.

Aloha,  
Michael Plowman

**LATE**

**From:** [Suzie Mai-French](#)  
**To:** [WAM Testimony; +sendelacruz@capitol.hawaii.gov; +senwakai@capitol.hawaii.gov](#)  
**Subject:** I Oppose SB2963 - Let the Counties do the work  
**Date:** Monday, February 5, 2018 9:42:59 AM

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Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

I strongly oppose bill SB2963 because I think it is wise to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work.

As a local resident, I understand the state's need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities.

The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. The Big Island is going through their own examination of the issue as well.

Each island has their own specify community needs and unique situations, and I strongly encourage you to allow them to develop rules and regulations to reflect the specific needs of their residents, before passing anything.

The industry has become and important part of our State economy and identity. Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs ([http://www.hawaiitourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiitourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)). This money helps fund schools, roads and services we all need to live and flourish.

We are good people of Hawaii and we are doing our best to make sure we comply with all rules. The good owners are willing to help task with the rules and regulations so we can filter out the bad ones. They shouldn't be in business if they are not contributing to the whole economy as a whole, in any business. Please ask us to step up and I bet the good ones will regulate the bad ones. Please do not classify us as felons, it's disheartening to do your best and provide for not only ourselves but a whole community and we don't get to be heard. I hope you will consider my testimony when you consider this bill.

Aloha,

Suzie Mai  
[suzie.mai@gmail.com](mailto:suzie.mai@gmail.com)

**From:** [Laura A. Adolpho](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2963 - Let the Counties do the work  
**Date:** Sunday, February 4, 2018 1:39:31 PM

**LATE**

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Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

I am worried about these bills taking away my rights as a property owner to manage, pay taxes, and provide jobs for those with me as well as for the economic benefits of the various businesses throughout our neighborhoods. This is what I believe I have a constitutional right to do compared to the huge profits hotels are allowed to make while they bully us private home-owners into being called criminals. This SB 2963 SD1 will call us criminals in labeling our STR as a Class 3 Felony offense. How can that be criminal when the county has already permitted and allowed to continue permitting certain “grandfathered” vacation rental properties?!? What are we doing that would criminalize us and not them?!? or the hotels?!? How would we be criminals when “long term” home owners are allowed to rent and don’t even need a permit? Why the drastic, criminalizing action against a single people such as us!? This is discrimination and targeting at its best.

How can the hotels do this yet when we do THE SAME THING, we are held hostage as a felon??? With the State and Federal prisons bursting at the seams, does Hawaii really need more law to criminalize good, hard-working, industrious locals who work all their lives for the “American Dream” only to be called and treated as criminals on their own land by the very ones we elected to represent us?

Please understand that each of you are in office to represent OUR concerns, OUR needs, OUR livelihoods, OUR housing needs, and OUR contributions to society. You are targeting the middle working class, not some foreign entity or giant hotelier. We need your representation on OUR behalf as well.

The State has no place where the counties are working out country problems. That is an act of micromanaging the counties, not trusting the counties, and gives NO RESPECT to the counties’ tangible work-force in solving this problem.

May we work for the benefit of ALL the people of Hawaii by letting the counties, who are closer to the situation, continue in their pursuit to serve ALL people within their counties. May the rewards of hard work and industry find some part of our elected officials’ consideration - is my hope.

Please OPPOSE SB2963 AND SB2999

Laura Adolpho  
53-007 Halai Street  
Hauula, Hawaii 96717

**From:** [A Delos Reyes](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2963 - Let the Counties do the work, why are people who pay taxes being classified as felons?  
**Date:** Sunday, February 4, 2018 11:17:49 PM

**LATE**

Dear Honorable Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

In this current version, the State of Hawaii plans to classify ALL owners/operators of non conforming short term rentals as class C felons for various reasons (i.e. due to C&C zoning) . Why are you going to do this when a majority of operators/owners pay their GET and TAT? These taxpayers are providing a financial benefit to the State of Hawaii. This Bill is saying it is okay for the State of Hawaii to collect Billions in taxes yet call these people felons? There is no justice in this, in the end the State should return the taxes collected to the owners/individuals who paid this in good faith to benefit the State of Hawaii not hurt it!

Furthermore I strongly oppose bill SB2963 because I think it is wise to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work.

As a local resident, I understand the state's need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities.

The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. The Big Island is going through their own examination of the issue as well.

Each island has their own specify community needs and unique situations, and I strongly encourage you to allow them to develop rules and regulations to reflect the specific needs of their residents, before passing anything.

The industry has become and important part of our State economy and identity. Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs  
([http://www.hawaiitourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiitourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)). This money helps fund schools, roads and services we all need to live and flourish.

I hope you will consider my testimony when you consider this bill.

Aloha,

Aaron



From: [Mike Hand](#)  
To: [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
Subject: I Oppose SB2963 - Let the Counties do the work  
Date: Sunday, February 4, 2018 1:12:11 PM

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Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

**I strongly oppose bill SB2963** because I think it is a **wiser and more prudent** action to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work.

As a local homeowner, I understand the state's need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities. **While there are those, possibly, who do NOT report the income and pay the taxes due, DO NOT penalize those of us who do!**

The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. The Big Island is going through their own examination of the issue as well.

Each island has their own specify community needs and unique situations, and I strongly encourage you to allow them to develop rules and regulations to reflect the specific needs of their residents, before passing anything.

The industry has become an important part of our State economy and identity. **Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs. Click the link below to verify:**

([http://www.hawaiiitourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiiitourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)).

This money helps fund schools, roads and services we all need to live and flourish. Let the City finalize their findings and recommendations FIRST.

**My question for the City and State is WHY would you throw out the \$5 Billion baby with the bath water that encompasses those who are and are NOT reporting their rental income and paying the applicable taxes. Let the City do its due diligence before you create laws that "gut" the tourism and economy of ALL Hawaii by voting to make vacation rental owning, potentially, a Class 3 felony.**

**Michael A. (Mike) Hand, Ph.D**  
405-202-6004

"Delight yourself in the Lord and He will give you the desires of your heart." Ps. 37:4

**From:** [BRETT FILLMORE](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2963 - Let the Counties do the work  
**Date:** Monday, February 5, 2018 9:14:07 AM

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Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

I oppose bill SB2963 because I think it is wise to let the Counties currently working on creating a regulatory framework regarding Short Term Rentals (STRs) to be allowed to finish their work. Why meddle in a County enforcement issue?

I understand the state's need to collect taxes, but I'm confident that Mayor Caldwell will find solutions that preserve (or even improve) State tax revenues. The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. The Big Island is going through their own examination of the issue as well.

The STR industry has become an important part of our State economy and identity. Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs. Hotels aren't going to replicate this without building more hotels and further turning Honolulu into Shanghai.

I hope you will consider my testimony when you consider this bill.

Aloha,

Brett Fillmore

**From:** [Ainslie Ports](#)  
**To:** [WAM Testimony](#); [+sendelacruz@capitol.hawaii.gov](mailto:+sendelacruz@capitol.hawaii.gov); [+senwakai@capitol.hawaii.gov](mailto:+senwakai@capitol.hawaii.gov)  
**Subject:** I Oppose SB2963 - Let the Counties do the work  
**Date:** Monday, February 5, 2018 9:10:21 AM

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**LATE**

Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

I strongly oppose bill SB2963 because I think it is wise to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work.

As a local resident, I understand the state's need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities.

Hawaii is filled with so much community spirit and great Ohana values. When families travel Hawaii they love to feel like they are part of your Ohana and this is why they love to stay in a local families homes.

With the high cost of living it also creates a more affordable accommodation for everyone. Because of this they are able to afford to use more of the local restaurants, water sports, travel companies and the list goes on. This also creates more jobs for local people.

We are not taking away from the hotels we are creating a more affordable destination.

Looking at this from another view is the cost of living here in Hawaii. Families that have lived here through many generations are struggling. By allowing to share your home you are also allowing families to pay there bills and also keep our Kapuna home longer so families can care for them.

The industry has become and important part of our State economy and identity. Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs

Lets work toward regulating this very important industry.

Aloha,



**From:** [Catriona MacGregor](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** No on Bill SB2963 for economic reasons - PLUs  
**Date:** Monday, February 5, 2018 6:25:54 AM



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Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

Respectfully -

Bill SB2963 is bad for Hawaii and especially communities away from tourist venues.

It will be of economic detriment to Hawaii and local communities off the beaten tourist track if handled in this way.

My property is in Waianae and brings tourism and dollars to that area of Hawaii that does not offer hotels or many tourist venues. I also pay taxes.

Our guests eat and shop locally - and provide much needed revenue to local businesses. I also employ three continuous positions to help maintain the property and they will have to be let go - if this passes.

I am semi-retired (can no longer work full time due to medical issues) and depend greatly on this revenue to pay for my medical bills .

Passage of this bill will significantly harm me AND I will have to consider relocating to an area that allows this type of part time business that can allow me to spend hours at a medical facility.

Please do not harm these thriving businesses that are legitimate - already pay their taxes - provide employment and local economic activity to small communities where large hotel chains do not want to bother with as they do not consider them "money makers".

The vacation industry has opened up new avenues of revenue to communities that ordinarily do not benefit.

Also - this is an issue that can be easily regulated.

For example - Airbnb - one of the rental advertisers that sponsors many vacation rentals - has agreed with some counties in other states to pay taxes to them directly on behalf of their property owners to ensure that every penny is accounted.

This also streamlines the process of receiving taxes as it comes from one entity not multiple owners.

This could be required of all major vacation rental companies....such as VRBO etc....

There are really only 3-4 major companies that do most of the sponsoring of vacation rentals in the country.

This will assure that the state gets paid its fair due - and instead of killing an innovative new industry - that is bringing economic benefits -- follow the example of counties who have been finding this new tax base to be a boon to their fiscal health.

Please consider these facts when you consider this bill. Thank you.

Aloha,

Catriona M Porambo

**LATE**

**From:** [Michele Florman](mailto:Michele.Florman@hawaii.gov)  
**To:** [mayor@honolulu.gov](mailto:mayor@honolulu.gov); [Ernest Martin](#); [Ikaika Anderson](#); [Carol Fukunaga](#); [Joey Manahan](#); [Brandon Elefante](#); [Ron Menor](#); [WAM Testimony](#); [ETT Testimony](#); [Trevor Ozawa](#); [Kimberly Marcos Pine](#); [akobayashi@honolulu.gov](mailto:akobayashi@honolulu.gov)  
**Subject:** OPPOSE SB 2963 SDI  
**Date:** Sunday, February 4, 2018 5:45:58 PM

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## OPPOSE SB 2963 SDI

Blaming vacation rentals for the lack of affordable housing, traffic, crime and all other issues is scapegoating. Hawaii's only major industry is tourism as all other industries have left the island.

Families who do not want a HOTEL in crowded Waikiki and other resort areas demand the availability of leasing a room, condo or renting the entire house. If they cannot do that in HAWAII they will take their tourist dollars elsewhere where they are accommodated by State Law and welcomed. Hawaii residents will suffer as well as all the supporting businesses for tourism. This is a witch hunt. When I travel I rent homes or apartments as this is what my family wants and it is much more economical for us to travel and see the real areas. Pigeon holing tourists into a box "you must stay only in the resort hotels" is never going to work, your valuable tourism will evaporate certainly. We know the hotel industry and their unions have bribed their way into pushing this restrictive bill violating everyone else rights of where to stay and how to spend their personal money on travel/business. You do know some people come for a few weeks at a time and hotel living is not conducive to longer stays. Hotels are good for a few days and thats it.

Hawaii will be seen as uninviting and people will turn away. Good luck once that happens you only hurt the residents and your constituents thereby the economy. See how that plays out in future elections. Giving licenses and mandating no more that 2 or 3 rentals per month per address would be useful in keeping the neighborhood quiet but accommodating property owners.

Next is the City of Honolulu going to confiscate personal property, valuables in this hunt to take over private property like history (1939) has shown?

Claiming vacation rentals reduces the housing stock is preposterous as renters would never be able to afford to rent the homes in the first place, it is not within their economic means. It makes no financial sense to rent the house below fair market value because Hawaii has a shortage of affordable apartment housing under \$2500/month.

Besides LA has been trying that, not working as developers build luxury dense housing, minimal parking and sky high rents (\$2200-\$8000) offering a lottery for few reduced rate units. Demolishing preexisting older apartments replacing with luxury units at market price. Workers need to more to more affordable apartment housing then.

Existing vacation rentals will never provide housing for workers with low to moderate incomes. The damage renters do to your property is costly violating leases of maintaining the property and the city does nothing. Renters have no money and you wonder why I put my money in commercial property, won't deal with renters. IMT buildings and major developers have teams to deal with evictions.

Hawaii will lose tourism because you will never dictate to travelers where they can and cannot rent that violates their choice (Air BB/Uber/Sharing Apps/New Economy). They will just boycott the Aloha State and blog about the treatment received. This is a global economy and

voices are heard worldwide.

- 1. \$4,000,000 could be better spent for affordable housing and feeding the Homeless.**
- 2. Each county should be responsible for their issues. It is not the responsibility of the State.**
- 3. Are our local and state governments following the wishes of the hotel industry because of their clout and influence??**  
**We know the goal of the Hotel Industry is to close down any private housing even though they are booming.**
- 4. What will you tell your constituents when the local businesses collapse like Maui because you closed STRs?**
- 5. It is not responsible to cut off the millions in taxes the STRs generate to Hawaii. Permit!**

**THANK YOU**

**M.F.**

**LATE**

**From:** [mf@eclecticproperty.com](mailto:mf@eclecticproperty.com)  
**To:** [mayor@honolulu.gov](mailto:mayor@honolulu.gov); [emartin@honolulu.gov](mailto:emartin@honolulu.gov); [landerson@honolulu.gov](mailto:landerson@honolulu.gov); [cafukunaga@honolulu.gov](mailto:cafukunaga@honolulu.gov); [jmanahan@honolulu.gov](mailto:jmanahan@honolulu.gov); [belefante@honolulu.gov](mailto:belefante@honolulu.gov); [rmenor@honolulu.gov](mailto:rmenor@honolulu.gov); [WAM Testimony](#); [ETT Testimony](#); [tozawa@honolulu.gov](mailto:tozawa@honolulu.gov); [kmpine@honolulu.gov](mailto:kmpine@honolulu.gov); [akobayashi@honolulu.gov](mailto:akobayashi@honolulu.gov)  
**Subject:** OPPOSE SB 2963 SD 1  
**Date:** Sunday, February 4, 2018 6:01:19 PM

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## **OPPOSE SB 2963 SDI**

Blaming vacation rentals for the lack of affordable housing, traffic, crime and all other issues is scapegoating. Hawaii's only major industry is tourism as all other industries have left the island.

Families who do not want a HOTEL in crowded Waikiki and other resort areas demand the availability of leasing a room, condo or renting the entire house. If they cannot do that in HAWAII they will take their tourist dollars elsewhere where they are accommodated by State Law and welcomed. Hawaii residents will suffer as well as all the supporting businesses for tourism. This is a witch hunt. When I travel I rent homes or apartments as this is what my family wants and it is much more economical for us to travel and see the real areas. Pigeon holing tourists into a box "you must stay only in the resort hotels" is never going to work, your valuable tourism will evaporate certainly. We know the hotel industry and their unions have bribed their way into pushing this restrictive bill violating everyone else rights of where to stay and how to spend their personal money on travel/business. You do know some people come for a few weeks at a time and hotel living is not conducive to longer stays. Hotels are good for a few days and thats it.

Hawaii will be seen as uninviting and people will turn away. Good luck once that happens you only hurt the residents and your constituents thereby the economy. See how that plays out in future elections. Giving licenses and mandating no more that 2 or 3 rentals per month per address would be useful in keeping the neighborhood quiet but accommodating property owners.

Next is the City of Honolulu going to confiscate personal property, valuables in this hunt to take over private property like history (1939) has shown?

Claiming vacation rentals reduces the housing stock is preposterous as renters would never be able to afford to rent the homes in the first place, it is not within their economic means.

It makes no financial sense to rent the house below fair market value because Hawaii has a shortage of affordable apartment housing under \$2500/month.

Besides LA has been trying that, not working as developers build luxury dense housing, minimal parking and sky high rents (\$2200-\$8000) offering a lottery for few reduced rate units. Demolishing preexisting older apartments replacing with luxury units at market price. Workers need to move to more affordable apartment housing then.

Existing vacation rentals will never provide housing for workers with low to moderate incomes. The damage renters do to your property is costly violating leases of maintaining the property and the city does nothing. Renters have no money and you wonder why I put my money in commercial property, won't deal with renters. IMT buildings and major developers have teams to deal with evictions.

Hawaii will lose tourism because you will never dictate to travelers where they can and cannot rent that violates their choice (Air BB/Uber/Sharing Apps/New Economy). They will just boycott the Aloha State and blog about the treatment received. This is a global economy and voices are heard worldwide.

- 1. \$4,000,000 could be better spent for affordable housing and feeding the Homeless.**
- 2. Each county should be responsible for their issues. It is not the responsibility of the State.**

**3. Are our local and state governments following the wishes of the hotel industry because of their clout and influence??**

**We know the goal of the Hotel Industry is to close down any private housing even though they are booming.**

**4. What will you tell your constituents when the local businesses collapse like Maui because you closed STRs?**

**Thank You**

**M.F. and S.F.**



**From:** [Kelly Kitashima](#)  
**To:** [WAM Testimony](#)  
**Cc:** [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** Oppose SB2963 - Please allow the County to continue their work towards a compromise and fair legislation  
**Date:** Sunday, February 4, 2018 10:08:07 PM

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Aloha Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

Please allow the Counties to continue their work towards a compromise and fair legislation regarding zoning & permitting.

As a kama`aina, I fully understand the state's need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities. Short term rental owners are willing to comply and hold themselves to a high standard. They simply want fair regulations - additionally making this a Class C Felony is simply NOT *pono*.

Local businesses thrive from vacation rentals and the state can mutually benefit by collecting an estimated \$130 million in TAT revenue if we wait for the individual counties to develop the proper zoning and regulatory solutions before considering any action. The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. The Big Island is going through their own examination of the issue as well. The industry has become and important part of our State economy and identity. Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs ([http://www.hawaiitourismauthority.org/default/assets/File/JL1%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiitourismauthority.org/default/assets/File/JL1%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)). This money helps fund schools, roads and services we all need to live and flourish. Furthermore, studies of the short term rental market in areas often debunk the perceived issues with them from neighbors, housing affordability, housing stock, crime etc. ( Ex. Here's a [study for Santa Barbara...](#) Overall, we found that an STR ban across Santa Barbara County would increase the housing supply for local residents by only 0.1%) <http://californiaforecast.com/november-2016/> Seattle also recently approved new regulations - <https://www.geekwire.com/2017/seattle-approves-new-airbnb-regulations-limit-short-term-rentals-2-units-per-host/>

Truly such a delicate and sensitive issue - hope you consider my testimony and work towards a harmonious solution.

Mahalo Nui Loa

**LATE**

February 4, 2018

Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology.

We Oppose SB2963 SD1 - Let the Counties do the work

We strongly oppose bill SB2963 SD1 because we think it is wise to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work.

As local property holders, we understand the state's need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities.

The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attempt to create new policies. The Big Island is going through their own examination of the issue as well.

Each island has their own specific community needs and unique situations, and we strongly encourage you to allow them to develop rules and regulations to reflect the specific needs of their communities, before passing anything.

The industry has become an important part of the State economy and identity. Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs.

([http://www.hawaiiitourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiiitourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)). This money helps fund schools, roads and services we all need to live and flourish.

I hope you will consider my testimony when you consider this bill.

Aloha,

Timothy and Rory Wolf

**From:** [Ted Klassen](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** Oppose SB2963  
**Date:** Sunday, February 4, 2018 2:42:59 PM



Dear Members of Senate Committees on Ways and Means and Economic Development,  
Tourism and Technology,

I/we are completely opposed to the Proposed Bill S.B No. 2963 as currently written. I am involved with a law abiding and tax remitting professional entity that has operated for the past 12 years in the short-term rental industry. We have been abiding by all regulations, providing all licensing information and remitting GE and TA taxes for all the properties we represent. We operate under the real estate act, under a licensed broker and adhere to strict guidelines. Our interpretation of the laws and real estate guidelines already in place, cover many of the issues trying to be covered in this latest bill.

Please reject this bill. Create a separate and distinct bill to address the collection and submission of taxes for website platforms such as Airbnb, HomeAway and others. Provide the local industry (those that live and work in Hawaii), some time to engage in dialogue with their county leaders, with the goal to develop a local set of regulations and guidelines. Short term rentals have been on the islands for 30 plus years, this is a not a new industry and does not need sweeping changes. Let's review and endorse and police the current laws on the books.

We are in favor of collecting taxes from illegal operators and will be happy to assist in reporting and catching any illegal operators. Please do not create state wide policies that punish both law abiding and illegal operators

One of the largest contributors to Hawaii's GDP are accommodations. Hotels are breaking records for income and occupancy. There has been a reduction in available hotel rooms due to demolition and conversion to time shares on the Island of Hawaii. The number of visitors is projected to climb. Do we want to continue to accommodate these visitors and provide great jobs (over 25 full time positions in our small company) for our residents? Many of these short-term rentals are condo hotel properties at about 630 square feet with no outdoor spaces, these properties are not suited for raising a family. Other properties are second homes where people will stay in the property up to three months a year. These properties would sit empty if not used for short term rental purposes. Let's work on reducing the time frame for building permits and restrictions to allow development of affordable housing.

Mahalo Ted

Ted Klassen

Kailua Kona, HI 96740



**From:** [Paola Rodelas Groves](mailto:paolarodelas@gmail.com)  
**To:** [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#); [ETT Testimony](#); [WAM Testimony](#)  
**Cc:** [paolarodelas@gmail.com](mailto:paolarodelas@gmail.com)  
**Subject:** Support SB2963 SD1 and move it forward  
**Date:** Sunday, February 4, 2018 10:19:54 AM

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From: Paola Rodelas Groves <[paolarodelas@gmail.com](mailto:paolarodelas@gmail.com)>  
Subject: Support SB2963 SD1 and move it forward

Message Body:

Aloha, Chairs Dela Cruz and Wakai, and the Ways and Means (WAM) Committee and the Economic Development, Tourism, and Technology (ETT) Committee:

Thank you for hearing SB2999 at Wednesday's WAM & EET hearing, and for hearing it again this Monday. I urge you to also support SB2963 SD 1 and move it forward to equip our Counties with more tools to enforce against illegal short-term rentals.

I live near Kapahulu, on Date Street. Last year, there were 2 vacation rentals within 2,000 feet of my home. Now there are 13 vacation rentals. As a renter who struggles to find affordable rentals, this is really disturbing to me.

Illegal vacation rentals are taking away what little affordable housing we have left, and we must have legislation that will properly address this issue. Today, there are an estimated 38,100 individually advertised vacation rental units in Hawai'i. At the current rate, there will be over 40,000 by next year. These are homes that could be rented long-term to residents but are being rented short-term to tourists.

SB2999 and SB 2963 SD1 take several important steps in addressing this issue, including increasing the counties' abilities to enforce illegal vacation rentals.

Thank you!

Sincerely,  
Paola Rodelas Groves

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

**From:** [Jennifer Lynn Nacino](mailto:jnacino751@hotmail.com)  
**To:** [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#); [ETT Testimony](#); [WAM Testimony](#)  
**Cc:** [jnacino751@hotmail.com](mailto:jnacino751@hotmail.com)  
**Subject:** Support SB2963 SD1 and move it forward  
**Date:** Sunday, February 4, 2018 10:52:47 AM

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**LATE**

From: Jennifer Lynn Nacino <jnacino751@hotmail.com>  
Subject: Support SB2963 SD1 and move it forward

Message Body:

Aloha, Chairs Dela Cruz and Wakai, and the Ways and Means (WAM) Committee and the Economic Development, Tourism, and Technology (ETT) Committee:

Thank you for hearing SB2999 at Wednesday's WAM & EET hearing, and for hearing it again this Monday. I urge you to also support SB2963 SD 1 and move it forward to equip our Counties with more tools to enforce against illegal short-term rentals.

Illegal vacation rentals are taking away what little affordable housing we have left, and we must have legislation that will properly address this issue. Today, there are an estimated 38,100 individually advertised vacation rental units in Hawai'i. At the current rate, there will be over 40,000 by next year. These are homes that could be rented long-term to residents but are being rented short-term to tourists.

SB2999 and SB 2963 SD1 take several important steps in addressing this issue, including increasing the counties' abilities to enforce illegal vacation rentals.

Also to add to this I'm 3rd generation to my father's side and 4th to my mother's side I already don't feel I can completely feel at being home

Which I'm sure is a larger population of native/domestic/ locals here whom are from Hawaii. There will be a list of identity in culture if there is too many people living here from other parts of the world.... the language, the history and the very heart of aloha is under strain as of RIGHT NOW!! Please pass this bill to make it hard for rentals and or more similar holiday places turn permanent stays PASS!

Thank you! And Mahalo!!

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

**From:** [AF3IRM Hawai'i](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#)  
**Subject:** Testimony - SB2639  
**Date:** Sunday, February 4, 2018 6:22:02 PM

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Aloha Chair Dela Cruz,

Please consider this message as my written testimony in strong support of SB 2639, submitted on behalf of the organization AF3IRM Hawai'i. This bill relates to taxation and regulation of illegal vacation rentals.

Many of our members are your constituents. We break the myths presented by Airbnb. We know that the majority of Airbnb hosts are like the ones at your last hearing— non-local investors who do not live onsite and are using our housing market as their cash cow. Meanwhile, we are struggling to find rental housing at prices we can afford.

As you and your committee members witnessed during the hearing of a similar measure, SB 2999, vacation rental hosts, co-hosts, superhosts, and Airbnb are operating in concert and taking advantage of us all. They are operating mostly illegal hotels in residential areas while our housing market becomes increasingly stressed and local families like us become increasingly desperate.

We urge you to pass a mandatory registration law that supports strict enforcement and liability for brokers doing business here.

Mahalo,  
Nadine Ortega



**From:** [wandrport@hawaiiantel.net](mailto:wandrport@hawaiiantel.net)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** We Oppose SB2963 - Let the Counties do the work  
**Date:** Sunday, February 4, 2018 11:58:55 AM

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Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

We strongly oppose bill SB2963 because we think it is wise to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work.

We understand the state's need to collect all general excise and transient accommodation taxes due (although we believe that the preponderance of those due are already being paid). We also understand the need for regulation and enforcement as well as the need to create a balance between the preservation of the neighborhoods we live in and the sensible permitting of limited numbers of vacation rental units for that segment of the visitor industry market who desire that type of accommodation. We do not understand the contention of the hotel industry that vacation rentals detract from their business. We travel extensively and always stay in vacation rentals (particularly in Europe). We have no interest in staying in hotels if our visit is longer than two days and strongly believe that the same holds true for those who visit Hawaii and seek out vacation rentals. People who stay in vacation rentals are a completely different market segment and should not be ignored. Until recently, this important market segment has not been given sufficient consideration on Oahu. Fortunately the current Honolulu City Council has stopped kicking the can down the road and is seriously addressing these issues. The Honolulu City Council has passed four resolutions, and the Mayor has set-up a task force in a serious effort to create new policies. We also understand that the Big Island is going through their own examination of these issues as well.

Each county has their own specific community needs and unique situations, and we strongly urge you to allow them to develop rules and regulations to reflect the specific needs of their residents before passing anything that would impact their outcomes.

We hope you will consider our testimony when you consider this bill.

Aloha,  
Richard and Wanda Porter  
Kailua, Hawaii



Dear Members of Senate Committees on Ways and Means and Economic Development, Tourism and Technology,

I strongly oppose bill SB2963 because I think it is wise to let the Counties currently working on creating a regulatory framework regarding vacation rentals to be allowed to finish their work.

As a local resident, I understand the state’s need to collect taxes, the frustration regarding enforcement and the need to create balance in our communities.

The Honolulu City Council and Hawaii County Council are currently working on efforts to address these issues. Honolulu City Council passed four resolutions, and the Mayor has set-up a task force in an attend to create new policies. The Big Island is going through their own examination of the issue as well.

Each island has their own specify community needs and unique situations, and I strongly encourage you to allow them to develop rules and regulations to reflect the specific needs of their residents, before passing anything.

The industry has become and important part of our State economy and identity. Last year it created \$5 Billion dollars in economic activity, and supported thousands and thousands of jobs ([http://www.hawaiitourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiitourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)). This money helps fund schools, roads and services we all need to live and flourish.

I hope you will consider my testimony when you consider this bill.

Aloha,

**Testifiers:**

Riyo Arai	Glen Robinson
Kathleen Carr	Sana Okmyanskaya
Eileen Olsen	Francisco Goya
Arvey Olsen	Mo Schreiber
Cecilia Gomez	Dave Klenske
Esther Cinco	M. Cristina Schmalz
Weon Yuan	Brie Mathews
Yang Yao	Jasmine Jones
Andie Acosta	Derek Clarke
Alejandro Rubalcava	



Aloha, Chairs Dela Cruz and Wakai, and the Ways and Means (WAM) Committee and the Economic Development, Tourism, and Technology (ETT) Committee:

Thank you for hearing SB2999 at Wednesday’s WAM & EET hearing, and for hearing it again this Monday. I urge you to also support SB2963 SD 1 and move it forward to equip our Counties with more tools to enforce against illegal short-term rentals.

Illegal vacation rentals are taking away what little affordable housing we have left, and we must have legislation that will properly address this issue. Today, there are an estimated 38,100 individually advertised vacation rental units in Hawai’i. At the current rate, there will be over 40,000 by next year. These are homes that could be rented long-term to residents but are being rented short-term to tourists.

SB2999 and SB 2963 SD1 take several important steps in addressing this issue, including increasing the counties’ abilities to enforce illegal vacation rentals.

Thank you!

**Testifiers:**

Nicholas Chagnon	Johnny lopes
Erwin Amigo	James Raymond
Javier Mendez	Nerissa Acdal
Ross Villiger	Zoilo Acdal
Edwina Takaesu	Anne Towey Joyer
Charles Takaesu	Max Towey
Rodney Nakashima	Cade Watanabe
Cleo Mckeague	Michele Matsuo
Randy Ching	Kathleen Corpuz
Katherine Fryer	Kristin Hamada
Cindy Aban	Jessica Spurrier
Nenita Cabanilla	April Bautista
Timothy Zhu	Marti Townsend
Edwin Fagaragan	Kathy Jaycox
Damien Tolentino	Marsha A Bruhn
Marilyn Mick	Nathan Yuen
Lois Langham	Benton Rodden
Bianca Isaki	Louise Ying To
Darren	Jonathan Ching
Chuck Prentiss	Geraldine R King
Rumika Suzuki	John Moore
Deanna Espinas	