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To: The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Senate Committee on Ways and Means

Date: Wednesday, January 31, 2018  
Time: 9:30 A.M.  
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: S.B. 2999, Relating to Taxation

The Department of Taxation supports the intent of S.B. 2999 and defers to the Department of the Attorney General on this measure.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE  
GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

MARY ALICE EVANS  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
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Statement of  
**LUIS P. SALAVERIA**  
**Director**

Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Wednesday, January 31, 2018  
9:30 AM  
State Capitol, Conference Room 211

in consideration of

**SB2999**  
**RELATING TO TAXATION.**

Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports  
the intent of SB2999.

We defer to the Attorney General's Office regarding any legal concerns about this bill  
and the Department of Taxation.

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



**SB2999**  
**RELATING TO TAXATION**  
Senate Committee on Ways and Means

January 31, 2018

9:30 a.m.

Room 211

The Administration of the Office of Hawaiian Affairs (OHA) will recommend that the Board of Trustees **SUPPORT** SB2999, which seeks to improve enforcement of land use regulations relating to transient vacation rentals, while facilitating the collection of tax revenue from transient vacation rentals that comply with the law. Given the impact of unlawful transient vacation rentals on housing opportunities for Native Hawaiians and other Hawai'i residents, OHA appreciates and supports the strong and much-needed enforcement mechanisms that would be provided by this measure.

**As home prices, rental prices, and homelessness continue to increase, and as O'ahu anticipates additional population growth and an associated demand for more housing over the next decade,<sup>1</sup> land-use planning that ensures housing affordability and availability is more critical now than ever before.** As the legislature recognizes, Hawai'i is in the midst of an affordable housing crisis: recent research indicates a need for 65,000 more housing units by 2025, with half of this demand for units at or below 60% of the Area Median Income (AMI);<sup>2</sup> only 11 percent of State's housing demand is for housing units at or above 140% AMI, or for units that do not meet the State's current definition of "affordable housing."<sup>3</sup> **With 48% of households in the State already unable to afford basic household necessities including housing, food, transportation, health care and child care,<sup>4</sup> the lack of affordable housing and rising housing costs require bold and aggressive policies that meaningfully prioritize the housing needs of local residents.**

**Native Hawaiians are particularly disadvantaged by land uses that contribute to our local residential housing challenges, including increased rental housing costs and rental housing shortages in particular.** Notably, Native Hawaiians are less likely to own a home and, therefore, disproportionately rely on the rental housing market.<sup>5</sup> Native

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<sup>1</sup> See SMS, HAWAI'I HOUSING PLANNING STUDY, at 34 (2016), available at [https://dbedt.hawaii.gov/hhfdc/files/2017/03/State\\_HHPS2016\\_Report\\_031317\\_final.pdf](https://dbedt.hawaii.gov/hhfdc/files/2017/03/State_HHPS2016_Report_031317_final.pdf)

<sup>2</sup> See *id.*

<sup>3</sup> See *id.* at 34.

<sup>4</sup> ALOHA UNITED WAY, ALICE: A STUDY OF FINANCIAL HARDSHIP IN HAWAI'I (2017)

<sup>5</sup> See OFFICE OF HAWAIIAN AFFAIRS, NATIVE HAWAIIAN HOMEOWNERSHIP HO'OKAHUA WAIWAI FACT SHEET VOL.2016, NO. 1, page 3, available at

Hawaiian households are also much more likely to be “doubled up,” with multi-generational or unrelated individuals living together in single households,<sup>6</sup> and Native Hawaiian households are more than three times more likely have a ‘hidden homeless’ family member than all state households.<sup>7</sup>

**Unfortunately, the unaddressed proliferation of illegal vacation rentals may exacerbate the rise in rental housing costs beyond what Honolulu residents and Native Hawaiians are able to afford, and has directly removed much-needed housing units from the residential rental market.** The 2016 Hawai‘i Housing Planning Study estimates that there are 28,397 non-commercial vacation rentals, located in nearly all communities in Hawai‘i.<sup>8</sup> Not surprisingly, the proliferation of such units, which generate nearly 3.5 times more income than the average long term residential rental,<sup>9</sup> has correlated with substantially increased housing costs throughout the islands; Honolulu in particular had the highest rates of increase in average monthly rent and average daily rent over the past several years.<sup>10</sup> In addition to raising the costs of available long term rental units, the proliferation of illegal vacation rentals also represents a direct loss of housing units from the long term rental market.<sup>11</sup>

Clearly, allowing the continued illegal use of housing units for vacation rentals will only exacerbate our housing crisis. Without more meaningful regulatory and enforcement mechanisms, there is nothing to stop the negative impacts of illegal vacation rentals on housing opportunities for Native Hawaiians and other local residents. In contrast, each and every illegal vacation rental unit that is returned to long-term residential use is one more unit that can help meet our existing housing demand.<sup>12</sup> **Accordingly, OHA has**

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<https://19of32x2yl33s8o4xza0gf14-wpengine.netdna-ssl.com/wp-content/uploads/NH-Homeownership-Fact-Sheet-2016.pdf>. This figure includes 8,329 DHHL residential lease “owner-occupied” property units. DHHL ANNUAL REPORT 2014, at 47, available at <http://dhhl.hawaii.gov/wpcontent/uploads/2011/11/DHHL-Annual-Report-2014-Web.pdf>. For non-DHHL properties, the NativeHawaiian homeownership rate is therefore 41.2%, 15.5 percentage points below the statewide rate.

<sup>6</sup> 24.8% of Native Hawaiian households, compared to 9.6% of state households include more than two generations or unrelated individuals. SMS, *supra* note 1, at 70.

<sup>7</sup> 14.1% of Native Hawaiian households, compared to 4.2% of state households have a hidden homeless family member. *Id.*

<sup>8</sup> There are an estimated 45,075 total vacation rental units measured by the study. The study estimates that at least 37% of these rentals are ‘commercial’ rentals, or resort condominium and condominium hotel properties which are legally permitted commercial operations. As such, the study estimates that 28,397 units are non-commercial, i.e. unlawful, transient vacation rentals. SMS, *supra* note 1, at 58.

<sup>9</sup> SMS, *supra* note 1, at 55.

<sup>10</sup> Honolulu’s average monthly rent growth rate was 26.1%, and the six-year growth rate of average daily rental rate was 47%. SMS, THE IMPACT OF VACATION RENTAL UNITS IN HAWAI‘I, 2016, at 8, available at <http://www.hawaiiourismauthority.org/default/assets/File/Housing%20and%20Tourism%20113016.pdf>

<sup>11</sup> The Hawai‘i Tourism Authority’s 2016 study found that vacation rentals increased by 34% per year between 2005 and 2015. Further investigation found that between 2011 and 2014, units held for seasonal use and not available for long term rent increased by 12%. *See id.* at 3.

<sup>12</sup> *See generally* SMS, *supra* note 1.

**advocated for regulatory and enforcement approaches that may systemically curb and reverse the impact that illegal vacation rentals continue to have on residential housing opportunities in Hawai‘i.**

Accordingly, OHA appreciates and strongly supports the robust enforcement framework provided for under this measure. This includes the mandatory compliance monitoring and reporting requirements imposed on transient vacation rental brokers who wish to act as tax collection agents on behalf of rental operators; the requirement that brokers remove listings for illegal vacation rentals; and the strict penalties for noncompliance on both brokers and operators that will deter further unlawful land uses. **Such provisions will appropriately hold those most responsible for our transient vacation rental problem directly accountable for their actions, and subject them to the strict penalties that reflect the magnitude of our growing housing crisis.**

As a final note, research shows that vacation rental activity in the State generally is not likely to provide meaningful and long-term economic benefits to Hawai‘i or its residents, including Native Hawaiians. Data has shown that **70% of properties listed as vacation rentals in Hawai‘i are owned by out-of-state property owners** who do **not** reside in the islands.<sup>13</sup> Native Hawaiians in particular are less likely to benefit directly from a transient vacation rental operation; with Native Hawaiian homeownership rates significantly lower than the state average, they are less likely to own second or additional homes that could be rented as vacation units.<sup>14</sup> As previously mentioned, Native Hawaiians also often live in overcrowded households, without the extra rooms needed to operate an owner-occupied vacation rental. As such, while some Hawai‘i residents may be able to earn extra income from the use of a property as a vacation rental, vacation rental operations primarily benefit nonresident property owners and real estate speculators – who may also seek to buy out any vacation rentals that owned by local residents now and in the future.

In addition, other jurisdictions have found that any economic benefits gained from permitted short-term vacation rental operations are far outweighed by the larger social and economic costs of removing long term rentals from the housing market. **For example, an economic analysis by the City of San Francisco found a negative economic impact of \$300,000 for each housing unit used as a vacation rental, exceeding any economic benefits from visitor spending, hotel tax, and associated revenues.**<sup>15</sup> Again, the short-term benefits of vacation rental units to some property owners, including non-resident property

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<sup>13</sup> Notably, the Hawai‘i Tourism Authority report found that 45,075 total properties are available for short term vacation rentals, with between 21,295 and 23,002 as non-commercial vacation rental units advertised in 2016. 70% of these properties are offered by out-of-state property owners. SMS, *supra* note 10, at 5-6.

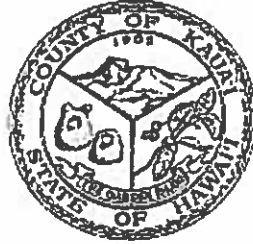
<sup>14</sup> For non-DHHL properties, the Native Hawaiian homeownership rate is 41.2%, 15.5 percentage points below the statewide rate. See *supra* note 5.

<sup>15</sup> See CITY OF SAN FRANCISCO, OFFICE OF THE CONTROLLER, AMENDING THE REGULATION OF SHORT-TERM RESIDENTIAL RENTALS: ECONOMIC IMPACT REPORT, May 2015, available at [http://sfcontroller.org/sites/default/files/FileCenter/Documents/6458150295\\_economic\\_impact\\_final.pdf?documentid=6457](http://sfcontroller.org/sites/default/files/FileCenter/Documents/6458150295_economic_impact_final.pdf?documentid=6457).

owners and corporate vacation rental operators, are likely to be substantially outweighed by the fiscal impacts on Honolulu and its residents from increased housing costs, increased real estate speculation, and the need for more social services and housing subsidies. **Accordingly, OHA strongly believes that regulatory and enforcement mechanisms that decrease the number of illegal vacation rental units operating in Hawai'i will best benefit Native Hawaiians and all Hawai'i residents.**

Therefore, OHA urges the Committee to **PASS** SB2999. Mahalo nui for the opportunity to testify on this measure.

**COUNTY COUNCIL**  
Mel Rapozo, Chair  
Ross Kagawa, Vice Chair  
Arthur Brun  
Mason K. Chock  
Arryl Kaneshiro  
Derek S.K. Kawakami  
JoAnn A. Yukimura



**OFFICE OF THE COUNTY CLERK**

Jade K. Fountain-Tanigawa, County Clerk  
Scott K. Sato, Deputy County Clerk

Telephone: (808) 241-4188  
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E-mail: [cokcouncil@kauai.gov](mailto:cokcouncil@kauai.gov)

**Council Services Division**  
4396 Rice Street, Suite 209  
Līhu'e, Kaua'i, Hawai'i 96766

January 30, 2018

**TESTIMONY OF MASON K. CHOCK**  
**COUNCILMEMBER, KAUA'I COUNTY COUNCIL**  
**ON**

**SB 2999, RELATING TO TAXATION**  
**Senate Committee on Ways and Means**  
**Senate Committee on Economic Development, Tourism, and Technology**  
**Wednesday, January 31, 2018**  
**9:30 a.m.**  
**Conference Room 211**

Dear Chair Dela Cruz, Chair Wakai, and Members of the Committees:

Thank you for this opportunity to provide testimony in support of SB 2999, Relating to Taxation. My testimony is submitted in my individual capacity as a Member of the Kaua'i County Council.

This measure addresses the transient vacation rental business and establishes a one-time amnesty program for certain delinquent tax obligations. Among other provisions, the counties will be able to obtain tax records relating to transient vacation rental units, as well as adopt ordinances to amortize or phase out transient vacation rental units that are an essential component to addressing our island residents' housing needs.

For the reasons stated above, I urge the Senate Committee on Ways and Means and the Senate Committee on Economic Development, Tourism and Technology to support this measure. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,

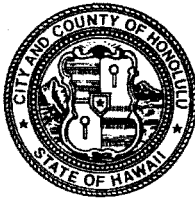
**MASON K. CHOCK**  
Councilmember, Kaua'i County Council

AMK:mn

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
PHONE: (808) 768-8000 • FAX: (808) 768-6041  
DEPT. WEB SITE: [www.honolulu.dpp.org](http://www.honolulu.dpp.org) • CITY WEB SITE: [www.honolulu.gov](http://www.honolulu.gov)

KIRK CALDWELL  
MAYOR



KATHY K. SOKUGAWA  
ACTING DIRECTOR

TIMOTHY F. T. HIU  
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI  
DEPUTY DIRECTOR

January 31, 2018

The Honorable Donovan Dela Cruz, Chair  
and Members of the Committee on Ways  
and Means  
Hawaii State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Dela Cruz and Committee Members:

**Subject:** Senate Bill No. 2999  
Relating to Taxation and Short-term Rentals

The Department of Planning and Permitting (DPP) is pleased to **strongly support** Senate Bill No. 2999. It introduces significant new tools to help the counties better administer and enforce appropriate regulations on short-term vacation rentals, particularly in our residential neighborhoods.

The department takes no position on the establishment of registered tax collection agents and the tax amnesty program in this Bill. However, we do support:

- The requirement that registered tax collection agents must share information with the county planning directors and mayors, including the location of the vacation rental property, the name of the operator, and the number of nights the property was rented;
- The requirements that operators provide evidence that each property complies with applicable State and county land use laws, as confirmed by the appropriate agency;
- The requirement that any advertisement must be removed within seven days of notification if it does not adhere to the compliance requirements;
- The ability of counties to impose penalties, including disgorgement of unlawful profits gained from illegal businesses;
- The clarification of reasonable notice to correct any zoning violation;
- Clarification of the ability of counties to seek injunctive relief regarding short-term rental violations without the necessity of demonstrating irreparable injury;



The Honorable Donovan Dela Cruz, Chair  
and Members of the Committee on Ways  
and Means

Hawaii State Senate

Senate Bill No. 2999

January 31, 2018

Page 2

- The ability of the counties to recover attorney fees and other costs of action from the violator;
- The establishment that advertisements not in compliance with given requirements may be liable for civil fines ranging from \$25,000 to \$100,000, as determined by each county; and
- A more explicit policy regarding the counties' ability to amortize both conforming and non-conforming single-family transient vacation rental units.

Finally, we are appreciative of section 15 of the Bill, which provides a financial incentive for counties to establish a verification process for transient vacation rentals.

Accordingly, we believe that this Bill will help the counties to better enforce county rules and ordinances relating to short-term rentals. We urge your committee to pass this Bill.

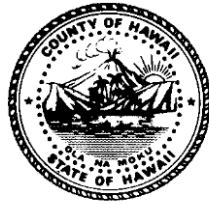
Thank you for the opportunity to testify.

Very truly yours,



Kathy Sokugawa  
Acting Director

Harry Kim  
*Mayor*



Michael Yee  
*Director*

Daryn Arai  
*Deputy Director*

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**County of Hawai'i**  
**PLANNING DEPARTMENT**

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Fax (808) 961-8742

January 29, 2018

Testimony by  
**MICHAEL YEE**  
**Director, County of Hawai'i Planning Department**  
before the  
**COMMITTEE ON WAYS AND MEANS**  
**Wednesday, January 31, 2018, 9:30AM**  
**State Capitol, Conference Room 211**  
in consideration of  
**SB 2999**  
**Relating to Taxation**

The County of Hawai'i Planning Department offers testimony in **STRONG SUPPORT** of Senate Bill 2999, Relating to Taxation.

Although, Hawai'i County does not have a transient vacation rental ordinance at this time, SB 2999 will support our eventual enforcement of vacation units. We urge your committee to pass this bill as is.

Thank you for the opportunity to provide testimony.



Senate Committee on Ways and Means  
Chair Donovan M. Dela Cruz  
Vice Chair Gilbert S.C. Keith-Agaran

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

Wednesday, January 31, 2018 9:30 am  
Conference Room 211 State Capitol

**TESTIMONY ON BEHALF OF AIRBNB RE: [SB 2999](#)**

Dears Chairs, Vice-Chairs, and members of the Committees:

I write in support of the intent of SB 2999, though we have reservations about numerous provisions that will render the law unenforceable.

SB 2999 would allow Airbnb and similar platforms to collect and remit Transient Accommodations Tax (TAT) and General Excise Tax (GET) on behalf of our host communities. Airbnb is committed to being a partner with the State of Hawaii by collecting and remitting our fair share of taxes. However, SB 2999 includes provisions that are inconsistent with federal law as it imposes liability on website operators for user-generated content. These provisions do not assist in the collection of taxes and conflict with the intent of this legislation. Additional testimony will be submitted by our local counsel that will discuss in more detail the legal infirmities with the bill.

Because of the legally unenforceable provisions included in the bill, it is unlikely that any platform would voluntarily agree to collect and remit taxes in accordance with this bill, thus rendering the intent of the bill moot. In that circumstance the state would not be collecting additional taxes and would be no closer to improving enforcement on alternative accommodations.

The provisions of SB 2999 that allow platforms to voluntarily collect and remit taxes, which we endorse, would simplify administration for both the Department of Taxation and our host community and reduce the State of Hawaii's enforcement burden in ensuring tax compliance. Airbnb first began collecting and remitting hotel and tourist taxes from guests on behalf of hosts in San Francisco and Portland in 2014. We are now successfully collecting and remitting taxes in more than 350 jurisdictions across the world, including San Francisco, Los Angeles, Amsterdam, Chicago, Malibu, Oakland, Washington D.C., Palo Alto, Paris, Philadelphia, San Diego, San Jose, and nearly 20 states, including Washington, Colorado, Oregon, Connecticut, North and South Carolina, Vermont, Florida, and Arizona.

During testimony presented on a similar bill during the 2017 legislative session the Department of Taxation (DOTAX) in discussing the ability of platforms to collect and remit taxes on behalf of their hosts stated the following: “Permitting transient accommodations brokers to act as tax collection agents[...] promotes efficient tax collection by easing the burden of processing, auditing, and collecting from individual taxpayers.” (Testimony before the Senate Committee on Economic Development, Tourism, and Technology, 3/22/2017) In SB 2999, as in previous bills, online platforms would have the option to register as the single taxpayer, assuming full responsibility with respect to applicable taxes on its platform and using its tax ID number to meet Act 204’s posting requirement. Allowing platforms to collect and remit would give greater transparency and create new enforcement tools for the state it would not otherwise have. For example, it gives DOTAX authority to obtain names and federal tax ID numbers of platform users, as well as the ability to audit the platform and administratively subpoena other user information for enforcement purposes.

Additionally, we believe that the most successful approach to addressing concerns about short-term rentals while preserving their important contribution to the Hawaii economy is to take a comprehensive approach that enables the individual counties to address land use issues as appropriate for their jurisdictions and the state to regulate the industry’s fiscal impacts. To that end, we have been working closely and been in contact with a number of officials at each county to discuss ways to regulate the industry along with better enforcement tools to protect housing stock and neighborhood integrity. Common sense regulations that allows local residents and property owners to share their homes in a responsible manner enables the state to reap the significant fiscal benefits of the alternative accommodation market.

The economic benefit of alternative accommodations to the state’s economy must be noted. A report released this week by the Hawaii-based economic consulting firm Kloninger & Sims outlines the alternative accommodation industry’s contributions to the state’s economy and local residents in 2016.

- Alternative accommodations generated \$5.1 billion in economic activity and helped support 34,000 jobs.
- As the third-largest alternative accommodations platform in Hawaii, Airbnb guests generated \$649 million in lodging and non-lodging spending, a 54% increase over 2015.
- Airbnb guests spent an average of \$271 per person per day while in Hawaii in 2016, more than any other accommodations category.
- The median accommodation generated between \$3,573 and \$5,952 for hosts across counties-- that represents the equivalent of 6% to 8% raise to the local median household income-- to cope with Hawaii’s high cost of living.

The report also found that lodging and non-lodging spending by guests staying at alternative accommodations would have generated over \$120 million in GET and TAT statewide in 2016. That includes \$43 million in total taxes from Airbnb hosts and guests -- \$21 million from non-lodging spending and \$22 million from accommodations revenue. Airbnb guests and hosts

would have generated more than \$30 million in accommodations taxes in 2017 alone. If the state had a system in place to allow platforms to collect and remit these taxes from alternative accommodations hosts, this tax revenue would be more fully and effectively captured.

I would also like to share an additional statistic with the committee that is worth noting. While use of Airbnb in Hawaii is robust, it is also a favorite of Hawaii residents. In 2017 alone, Hawaii residents used Airbnb to travel more than 203,000 times including more than 18,000 inter-island guest arrivals. Put simply, Hawaii residents like to use Airbnb, both to host guests and to travel themselves.

Let me briefly transition to some concerns that critics raised about short term rentals and the potential impact on housing affordability. We turned over a year of booking data to respected Hawaii housing analyst Paul Ricky Cassiday, who conducted a housing impact study. He found that Airbnb “entire home” listings, which accounted for 1.5% of the state’s housing stock, had no material impact on the Hawaii housing market. The study also found that for many Hawaii residents, Airbnb is a valuable tool that makes their housing *more* affordable: 65% percent of Hawaii hosts have told us that the additional income they get from hosting helps them stay in their homes and 21% said that it helped them to avoid eviction or foreclosure.

As we move forward, we are 100% committed to working with local leaders on common sense rules for home sharing. We are confident that we can work together on sensible and modern regulations that reflect the new economy, facilitate compliance, and make local communities stronger.

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

Regards,

A handwritten signature in black ink, appearing to read 'Matt Middlebrook', with a long horizontal flourish extending to the right.

Matt Middlebrook  
Head of Public Policy  
Hawaii

**Economic Impact of Airbnb in Hawai‘i**  
**January 2018**

**Background**

Kloninger & Sims Consulting was retained by Airbnb to analyze the short-term rental industry’s contribution to Hawai‘i’s economy. Our analysis was based on visitor statistics published by the Hawai‘i Tourism Authority (“HTA”) and data provided by Airbnb for the study period of January 1, 2016 to December 31, 2016. This report summarizes our findings.

**Executive Summary**

The vacation rental industry has become a significant contributor to Hawai‘i’s visitor industry and local economy. In particular, Airbnb has been a major factor in driving economic benefit for the islands. This study analyzed Airbnb’s impact on visitor spending, state taxes, incremental income earned by Airbnb hosts, and the role that Airbnb has played in the recent growth enjoyed by Hawai‘i’s visitor industry. Our analysis found:

- **Vacation rentals have supported the recent growth in visitor arrivals, visitor spending and airlift to Hawai‘i.** While visitor arrivals and airlift grew by 23% and 28.6% respectively between 2011-2016, the supply of traditional visitor accommodations in Hawai‘i has been growing at a much slower rate. The additional elastic supply of alternative accommodations created by platforms such as Airbnb has allowed the state’s largest industry to continue to grow as visitor demand for accommodations has increased.
- **Lodging and non-lodging spending by guests staying at vacation rentals would have generated over \$120 million in GET and TAT taxes statewide in 2016. If the state had a system in place to allow platforms to collect and remit these taxes from alternative accommodation hosts, this tax revenue would be more fully and effectively captured.** This estimate includes over \$43 million in total taxes from Airbnb hosts and guests. Non-lodging spending by Airbnb guests generated more than \$21 million dollars in GET and TAT. Furthermore, if a voluntary collection agreement were in place for platforms to collect taxes from hosts, the state would have collected \$22 million from Airbnb accommodations revenue alone.
- **In 2016, Airbnb guests spent an estimated \$649 million while visiting Hawai‘i, a 54% increase from the 2015 estimate of \$353 million in Airbnb guest spending.** Airbnb guests spent \$1,274 on a per trip basis, which is typically around 4.7 days for the Hawai‘i market. Airbnb guests spent an average of \$271 per person per day while in Hawai‘i in 2016, more than any other accommodations category. Homeowners have been able to generate meaningful supplemental income through Airbnb, with the median accommodation’s host earnings ranging between \$3,573 and \$5,952 across counties. Airbnb has created a new way for homeowners to cope with Hawai‘i’s high cost of living. Hosts in Hawai‘i added between 6% and 8% to their income in 2016.

**Recent Growth of State of Hawai‘i and O‘ahu Tourism**

By any measure, tourism in the State of Hawai‘i experienced substantial growth between 2011 and 2016. Visitor arrivals set new records each year from 2012 to 2016, increasing 23.0% over the five-year period. Visitor days rose 17.5%, as shown in Exhibit 1. Visitor spending increased by 30.8% over this period. Airlift into the state also grew, increasing by 2.7 million seats between 2011 and 2016, a growth of 28.6%. The growth in airlift is particularly important, as adding air seats into the state is a critical factor in the success of Hawai‘i’s number one industry -- tourism. It should be noted that the expansion of airlift into Hawai‘i continues, with United Airlines announcing the addition of 400,000 additional seats into the state in 2018 and Southwest Airlines’ recent announcement that they will initiate service to Hawai‘i.

As shown in Exhibit 2, O‘ahu’s visitor statistics also increased over the same period.

**Exhibit 1: Statewide Visitor Statistics 2011 vs. 2016**

Statewide	2011	2016	% Growth
Arrivals	7,174,397	8,821,802	23.0%
Visitor Days	67,825,871	79,669,135	17.5%
Visitor Spending	\$12,047	\$15,753	30.8%
Air Seats	9,275,822	11,927,024	28.6%

Source: Hawai‘i Tourism Authority

**Exhibit 2: O‘ahu Visitor Statistics 2011 vs. 2016**

O‘ahu	2011	2016	% Growth
Arrivals	4,401,624	5,447,229	23.8%
Visitor Days	32,477,385	36,968,064	13.8%
Visitor Spending	\$6,258	\$7,340	17.3%
Air Seats	6,444,098	7,997,193	24.1%

Source: Hawai‘i Tourism Authority

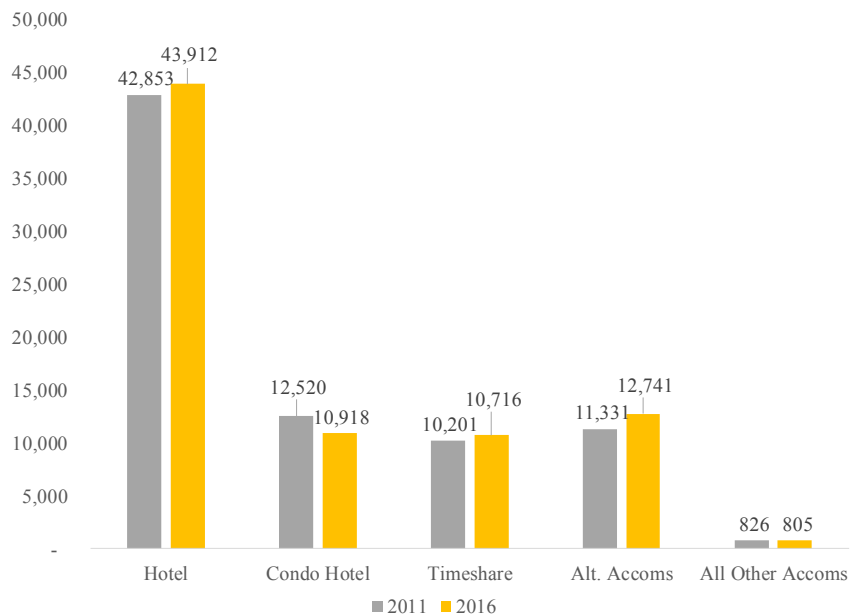
**Accommodation Supply Analysis**

During this same period, the supply of visitor accommodations in the State and on O‘ahu grew at a much slower rate, with the statewide total increasing by 1,361 units to 79,092. As seen in Exhibit 3, hotels comprise the majority of Hawai‘i’s visitor units. Between 2011 and 2016 an additional 1,059 hotel rooms were added, bringing the statewide total to 43,912. The number of Alternative Accommodations, which includes vacation rentals and bed & breakfasts, increased by 1,410 units statewide over the same period. With 12,741 statewide units in 2016, the Alternative Accommodations segment accounted for a much smaller but growing share of the state’s visitor rooms. The Visitor Plant Inventory is based on a survey of visitor accommodations. The survey methodology, while effective in gathering detailed data from traditional visitor accommodations such as hotels, likely undercounts the number of Alternative Accommodations.

The number of condo hotel units decreased statewide between 2011 and 2016. Condo hotel units are defined by the HTA as condominium units that are collectively placed in a rental program that offers hotel-type services such as daily housekeeping and a front desk. The decrease in the supply of condo hotel units and increase in Alternative Accommodations between 2011 and 2016 suggests that some owners of condo hotel units withdrew from rental programs and instead operated their condominium unit as a vacation rental. Some of the growth in the supply of Alternative Accommodations was therefore due to a change in use from one type of visitor unit (Condo Hotel) to another (Alternative Accommodation). It should be noted that some of the growth in Alternative Accommodations can be attributed to a change in the methodology used to count vacation rentals in the Visitor Plant Inventory that was implemented in 2015.

On O‘ahu, hotels also represent the majority of all visitor rooms. Between 2011 and 2016 the supply of hotel rooms on O‘ahu increased by 151 units to 26,152. O‘ahu also saw the number of condo hotel units decrease, while the number of Alternative Accommodations grew during the period.

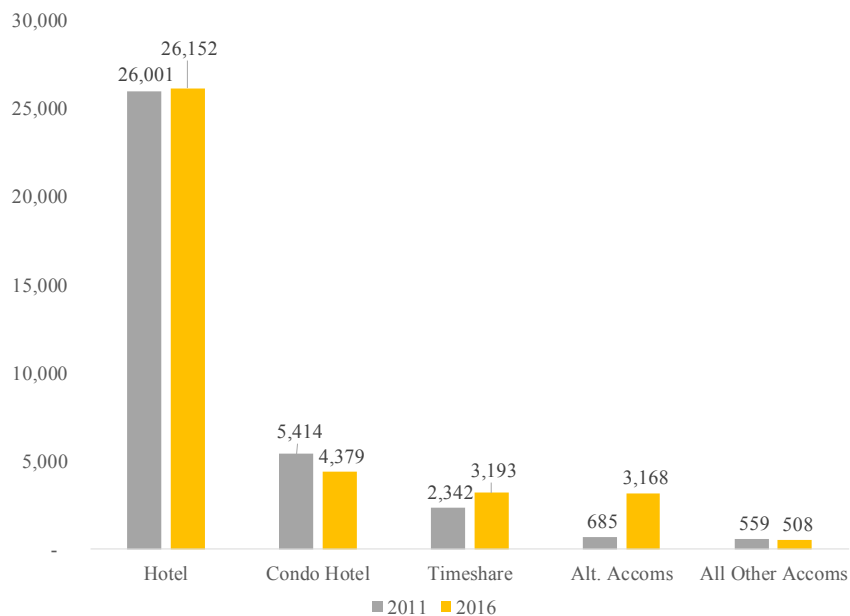
**Exhibit 3: Statewide Visitor Accommodations By Category**



Source: Hawai‘i Tourism Authority



**Exhibit 4: O‘ahu Accommodations By Category**



Source: Hawai‘i Tourism Authority

The growth in supply of Alternative Accommodations only partially explains the growth in Hawai‘i’s visitor statistics between 2011 and 2016. Some of the growth in visitor arrivals was made possible by increasing occupancy at existing hotels. In 2011, statewide hotel occupancy was 73.2%. By 2016 statewide hotel occupancy increased to 79.1%. Hotel occupancy on O‘ahu increased from 80.7% in 2011 to 84.2% in 2016.

In addition to the supply analysis, we considered the demand for various accommodation types in the next section.

**Demand Analysis**

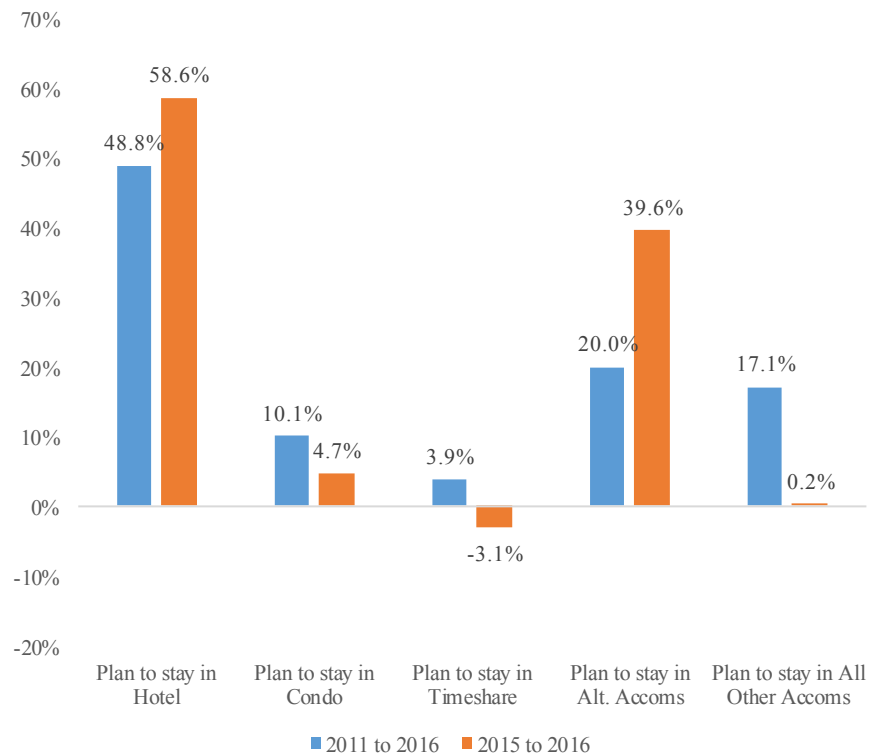
In order to better understand the impact of the Alternative Accommodations segment in Hawai‘i, a breakdown of visitor arrivals by accommodation type was analyzed and the findings are presented below. The difference in the number of visitors choosing various accommodation types was calculated between selected years. We then estimated the share of the growth that each accommodation type contributed to the overall growth. The accommodation segments considered were Hotel, Condominium, Timeshare, Alternative Accommodations, and All Other. Due to visitors choosing to stay in multiple accommodation types during their stay in Hawai‘i, the totals for visitor arrivals by accommodation choice exceeds total visitor arrivals.

For the purposes of this report, we analyzed two time periods, 2011 to 2016 and 2015 to 2016. Hawai‘i’s current run of record-setting visitor arrivals started in 2012. The 2011 to 2016 timeframe encompasses this record-setting period. The 2015 to 2016 period was selected to analyze the most recent full-year data.

It should be noted that the data for 2016 includes new categories including private rooms and shared space in a private home as options for visitors to choose from on the in-flight survey.

As shown in Exhibit 5, hotels were the primary contributor to statewide visitor arrivals between 2011 and 2016, accounting for 48.8% of the growth based on our analysis of HTA data. Alternative Accommodations were the second largest contributor, representing 20.0% of the growth. Between 2015 and 2016, Hotels continued to be the primary driver of visitor growth in the state, with a 58.6% share of the overall growth. Alternative Accommodations accounted for 39.6% of the statewide growth, a considerably larger share of the statewide growth.

**Exhibit 5: Share of Statewide Visitor Arrival Growth by Accommodation Choice**



Source: Hawai'i Tourism Authority, Kloninger & Sims

**Exhibit 6: Statewide Visitor Arrivals & Growth by Accommodations Choice**

	2011	2016	Growth	Share of Growth
Plan to stay in Hotel	4,495,032	5,502,947	1,007,916	48.8%
Plan to stay in Condo	1,311,971	1,520,162	208,192	10.1%
Plan to stay in Timeshare	717,697	798,503	80,805	3.9%
Alternative Accommodations	440,013	853,627	413,614	20.0%
All Other Accommodations	<u>793,538</u>	<u>1,147,429</u>	<u>353,891</u>	<u>17.1%</u>
Total Visitor Arrivals by Accommodation Choice	7,758,251	9,822,668	2,064,418	100.0%
<b>Total Visitor Arrivals</b>	<b>7,174,397</b>	<b>8,821,802</b>	<b>1,647,405</b>	

Source: Hawai'i Tourism Authority, Kloninger & Sims

Note: Total visitors by accommodation choice exceeds total visitor arrivals due to use of multiple accommodation types during the visit.

**Exhibit 7: Statewide Visitor Arrivals & Growth by Accommodations Choice**

	2015	2016	Growth	Share of Growth
Plan to stay in Hotel	5,322,571	5,502,947	180,377	58.6%
Plan to stay in Condo	1,505,768	1,520,162	14,394	4.7%
Plan to stay in Timeshare	807,944	798,503	(9,441)	-3.1%
Alternative Accommodations	731,655	853,627	121,972	39.6%
All Other Accommodations	<u>1,146,745</u>	<u>1,147,429</u>	<u>684</u>	<u>0.2%</u>
Total Visitor Arrivals by Accommodation Choice	9,514,683	9,822,668	307,985	100.0%
<b>Total Visitor Arrivals</b>	<b>8,563,018</b>	<b>8,821,802</b>	<b>258,785</b>	

Source: Hawai'i Tourism Authority, Kloninger & Sims

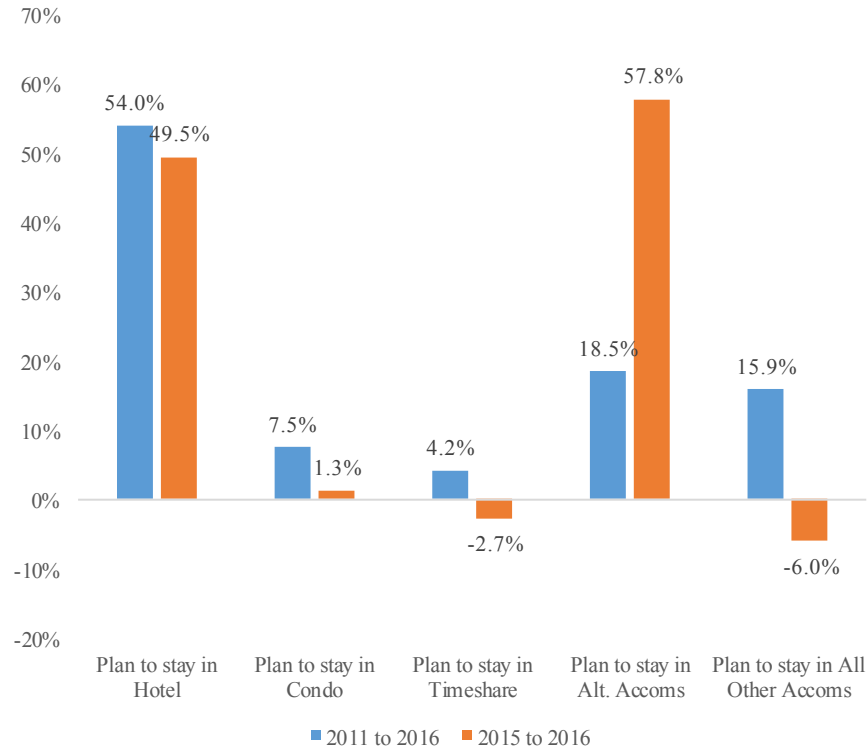
Note: Total visitors by accommodation choice exceeds total visitor arrivals due to use of multiple accommodation types during the visit.

On O‘ahu, hotels were also the primary driver of visitor arrival growth between 2011 and 2016, accounting for 54.0% of visitor growth according to our analysis. During this period, Alternative Accommodations accounted for 18.5% of visitor growth on O‘ahu. In 2011, occupancy at O‘ahu’s hotels averaged 80.7%. By 2016, O‘ahu hotel occupancy had increased to 84.7%. While the supply of hotel rooms on O‘ahu was flat between 2011 and 2016, more hotels rooms were occupied.

More recently, however, Alternative Accommodations have been the primary driver of visitor arrival growth on O‘ahu, accounting for 57.8% of the growth between 2015 and 2016, compared to 49.5%

attributable to hotels. With Waikīkī’s hotel market running at annual occupancies in the 85% range, hotels have less excess capacity to accommodate growth. At the same time, alternative accommodations offer an elastic supply for visitors, expanding as property owners see a spike in demand and shrink as demand diminishes and property owners decide to remove their listings. This dynamic is often seen during annual events in areas with limited hotel supply such as the Merrie Monarch Festival in Hilo, Hawai‘i.

**Exhibit 8: Share of O‘ahu Visitor Arrival Growth by Accommodation Choice**



Source: Hawai‘i Tourism Authority, Klouinger & Sims

**Exhibit 9: O‘ahu Visitor Arrivals & Growth by Accommodations Choice**

	2011	2016	Growth	Share of Growth
Plan to stay in Hotel	3,296,694	4,007,366	710,672	54.0%
Plan to stay in Condo	459,653	558,705	99,051	7.5%
Plan to stay in Timeshare	254,882	309,755	54,873	4.2%
Alternative Accommodations	198,769	441,752	242,984	18.5%
All Other Accommodations	<u>577,417</u>	<u>786,809</u>	<u>209,392</u>	<u>15.9%</u>
Total Visitor Arrivals by Accommodation Choice	4,787,415	6,104,387	1,316,972	100.0%
Total Visitor Arrivals	4,401,624	5,447,229	1,045,605	

Source: Hawai‘i Tourism Authority, Kloninger & Sims

Note: Total visitors by accommodation choice exceeds total visitor arrivals due to use of multiple accommodation types during the visit.

**Exhibit 10: O‘ahu Visitor Arrivals & Growth by Accommodations Choice**

	2015	2016	Growth	Share of Growth
Plan to stay in Hotel	3,934,655	4,007,366	72,710	49.5%
Plan to stay in Condo	556,733	558,705	1,971	1.3%
Plan to stay in Timeshare	313,694	309,755	(3,939)	-2.7%
Alternative Accommodations	356,793	441,752	84,959	57.8%
All Other Accommodations	<u>795,593</u>	<u>786,809</u>	<u>(8,783)</u>	<u>-6.0%</u>
Total Visitor Arrivals by Accommodation Choice	5,957,469	6,104,387	146,918	100.0%
Total Visitor Arrivals	5,339,912	5,447,229	107,317	

Source: Hawai‘i Tourism Authority, Kloninger & Sims

Note: Total visitors by accommodation choice exceeds total visitor arrivals due to use of multiple accommodation types during the visit.

### Vacation Rental Booking Site Listings

Data extracted from three of the top vacation rental booking sites indicated that there were 48,725 vacation rental listings on HomeAway, TripAdvisor and Airbnb. (VRBO was not included in this analysis because of the high level of listing duplication with HomeAway. VRBO and HomeAway are both owned by Expedia). As seen in Exhibit 11, Airbnb listings represented less than one quarter of the total listings.

**Exhibit 11: Rental Listings by Site**

Website	Listings
HomeAway	20,372
TripAdvisor	17,172
Airbnb	<u>11,181</u>
<b>Total</b>	<b>48,725</b>

Source: Kloninger & Sims Consulting

Detailed analysis of the extracted listing data indicated that there was a significant amount of overlap between the three sites, with particular units being listed on more than one site. Due to the double and triple counting of listings, the 48,725 total overstates the actual number of accommodations that are being marketed on the three sites. We also note that some portion of the units listed on the three booking sites have been in vacation rental use for many years. This is particularly true of units in condominium projects located in areas such as Waikīkī, Kona and the Kohala Coast on Hawai‘i Island and the West Maui and Kīhei areas of Maui. Sites such as Airbnb are a new distribution channel for units that have been in vacation rental use since the 1970s or 1980s.

### Airbnb Guest Spending

**Exhibit 12: Airbnb Guest Spending Profile (2016)**

Airbnb Guest Spending Profile	Per Trip Spending	Total Spending
Total Lodging	\$324	\$164,804,515
Total Food & Beverage	\$382	\$194,643,417
Total Entertainment	\$215	\$109,343,049
Total Transportation	\$201	\$102,592,030
Total Shopping	\$145	\$73,662,799
Other	<u>\$7</u>	<u>\$3,614,219</u>
<b>Total</b>	<b>\$1,274</b>	<b>\$648,660,030</b>

Source: Airbnb

Visitors to Hawai‘i on the Airbnb platform spent a total of \$649 million in 2016 (Exhibit 12). Of the \$649 million, Lodging expenditures totaled \$165 million and non-Lodging expenditures totaled \$484 million. Airbnb guest spending in the Lodging, Food & Beverage, Entertainment and Transportation categories each exceeded \$100 million. Airbnb guests spent \$1,274 on a per trip basis, which is typically around 4.7

days for the Hawai‘i market. The largest spending category was Food & Beverage, which included both spending at grocery stores and dining establishments.

Airbnb guests spent an average of \$271 per person per day while in Hawai‘i in 2016. The daily lodging expenditure of Airbnb guests was \$69 per person, lower than other accommodation choices with the exception of Timeshare. Airbnb guests spent substantially more on Food & Beverage, Entertainment and Transportation than visitors using other accommodation types, as shown in Exhibit 13.

**Exhibit 13: Daily Visitor Spending by Category and Accommodation Choice (2016)**

	Airbnb	Hotel	Condo	Rental House	Timeshare	B&B
Total Lodging	\$69	\$114	\$88	\$81	\$44	\$77
Total Food & Beverage	\$81	\$44	\$33	\$34	\$35	\$38
Total Entertainment	\$46	\$20	\$14	\$14	\$17	\$16
Total Transportation	\$43	\$19	\$18	\$21	\$18	\$33
Total Shopping	\$31	\$29	\$16	\$15	\$19	\$17
All Other	<u>\$2</u>	<u>\$5</u>	<u>\$3</u>	<u>\$4</u>	<u>\$2</u>	<u>\$2</u>
<b>Total</b>	<b>\$271</b>	<b>\$231</b>	<b>\$172</b>	<b>\$168</b>	<b>\$135</b>	<b>\$184</b>

Source: Airbnb, Hawai‘i Tourism Authority

The money that Airbnb hosts earn provides supplemental income to homeowners. The annual median host earnings ranged from \$3,573 on Hawai‘i Island to \$5,952 on Kaua‘i or an additional 6% to 8% percent of income, as shown in Exhibit 14. Airbnb host earnings are more likely to remain in the local economy than lodging dollars spent at hotels, due to vast majority of Hawai‘i hotels having out-of-state ownership. Platforms such as Airbnb have “democratized” the visitor accommodation segment of Hawai‘i’s economy by allowing local residents to participate in Hawai‘i’s multi-billion dollar lodging industry. In addition, Hawai‘i Airbnb hosts keep 97 cents of every dollar on accommodations fees.

**Exhibit 14: Median Annual Host Earnings by Listing (2016)**

County	Median Host Earnings	% Additional Income
Honolulu	\$5,877	7%
Maui	\$5,809	8%
Kaua‘i	\$5,952	8%
Hawai‘i	\$3,573	6%

Source: Airbnb, Hawai‘i State Data Center, 2016 American Community Survey

### **Airbnb Guest GET and TAT Generation**

Total 2016 GET and TAT generated by Airbnb guests was estimated to be greater than \$43 million, based on our analysis of data provided by Airbnb. GET and TAT on lodging spending generated by Airbnb guests exceeded \$22 million, while GET on non-lodging spending was greater than \$21 million in 2016. Based on year-to-date activity, GET and TAT on lodging is estimated to be approximately \$30 million in 2017. Total lodging and non-lodging spending by guests staying at Alternative Accommodations in the state (of which Airbnb is one component) generated in excess of \$120 million in GET and TAT in 2016.

### **Conclusion**

The substantial economic impact generated in Hawai'i by vacation rental platforms such as Airbnb should be taken into account by state and county policy makers as they consider new legislation pertaining to Alternative Accommodations. Regulation that reduces the number of Alternative Accommodations would have a direct impact on homeowners who rely on Alternative Accommodations to supplement their income, as well as the local businesses that benefit from close to half a billion dollars in non-lodging spending by visitors using these accommodations. As indicated by the demand analysis, Alternative Accommodations have been a key component of recent visitor arrival growth, particularly on O'ahu. Because the supply of traditional accommodations has not kept pace with demand, the recent growth of visitor arrivals, visitor spending and airlift into the state would not have been possible without Alternative Accommodations. The current level of airlift into the state could not be sustained without Alternative Accommodations remaining a robust component of Hawai'i's visitor accommodations mix. Moreover, large-scale reduction of the supply of Alternative Accommodations would likely result in decreases in visitor spending, GET and TAT collection as well as the reduction in air service to our island state.



Appendix  
Data Sources

The following data sources were used in the analyses contained in this report:

**Hawai'i Tourism Authority:**

- **Visitor Highlights:** Visitor arrival and intention to use accommodation types data were sourced from the HTA's Visitor Highlights. Based on data collected from the in-flight survey, this report is published monthly.
- **Visitor Plant Inventory:** Data on number of visitor units available in the state are published in the annual Visitor Plant Inventory. The data are collected by a survey of properties and management companies.
- **Visitor Spending Data:** Data on visitor spending are collected via spending diaries completed by visitors.

**Airbnb:**

- **Airbnb Metrics:** Airbnb provided data related to listings and earnings in Hawai'i, including host earnings, guest nights, party size and length of stay.
- **Airbnb Guest Survey:** Data on non-lodging spending by Airbnb guests were gathered by surveying Airbnb guests.

**American Community Survey:** Household income data by county were reported by the American Community Survey.



# Maui Hotel & Lodging

ASSOCIATION

Testimony of

**Lisa H. Paulson**

Executive Director

Maui Hotel & Lodging Association

on

SB 2999

**Relating To Taxation**

COMMITTEE ON WAYS AND MEANS

**Wednesday, January 31, 2018, 9:30am**

**Conference Room 211**

Dear Chair Dela Cruz, Vice Chair Keith-Agaran 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 2999**, which requires registered tax collection agent's operators and plan managers to obtain a GET license and TAT registration. Requires registered tax collection agents to file periodic and annual GET and TAT returns.. Requires all registered tax collection agents to inquire with their operators and plan managers whether the transient accommodation is in compliance with all pertinent state and county land use and tax laws. Requires the operator or plan manager to provide verification of and a statement confirming compliance with state and county land use laws in the form of a written certification, verification, or permit, as applicable, issued by the appropriate county agency. Requires a transient accommodations broker to remove an advertisement for a transient accommodation upon notice that the property is not in compliance with state law or county ordinance. Authorizes counties to adopt ordinances to amortize or phase out transient vacation rental units. Authorizes disclosure of GET and TAT returns to authorized county officials. 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.

MHLA is in support of establishing a level playing field for all visitor accommodations. There are more than 25,000 alternative accommodations in the Hawaiian Islands competing with hotels, resorts, timeshares, and bed-and-breakfasts, with many 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.



January 29, 2018

The Honorable Donovan M. Dela Cruz  
Hawaii State Senate  
Hawaii State Capitol  
415 South Beretania Street, Room 208  
Honolulu, Hawaii 96813-2425

**Re: Lodging industry support for SB2999 and commonsense regulation and taxation of legal short-term rentals and online STR platforms**

Aloha Honorable Chair Dela Cruz and Honorable members of the Senate Committee on Ways and Means,

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 SB2999. 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.

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 Oahu visitors having alternative lodging options such as vacation rentals; however, alternative lodging options should not come at the expense of kama'aina communities.

Above all, our stake lies in the communities where the 110,000 employees of our member companies live in Hawaii. 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.

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 Kaanapali 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



The Senate  
The Twenty-Ninth Legislature  
Regular Session of 2018

To: Senator Dela Cruz, Chair

Senator Keith-Agaran, Vice-Chair

Date: January 31, 2018

Time: 9:30 a.m.

Place: Conference Room 211

**RE: Senate Bill 2999, Relating to Taxation**

Chair Dela Cruz and Members of the Committee:

RBOAA must **OPPOSE** the bill.

RBOAA is an advocate for compliance with all tax regulations and zoning ordinances. SB2999, as written, strips transient accommodation owners of many rights that other taxpayers and property owners are accorded and granted.

RBOAA believes that laws must be consistent with the Hawaii State Constitution and the Taxpayer's Bill of Rights, which are guaranteed to all people. Transient accommodation operators should not be deprived of these fundamental rights.

**This Bill provides an amendment granting authority to counties as follows:** *“Each county may impose civil fines, in addition to criminal penalties and remedies for disgorgement of all profits and restitution of any money, real property or personal property that was obtained through unfair or unlawful business acts and practices.”*

The counties wish to be granted power to seize money, real property and personal property for violations of county ordinance pertaining to “unfair” (undefined) or unlawful business acts and practices. Current law provides for fines and penalties for code and ordinance violations. The power of the government to seize a person's money, or real and personal property, should not be granted lightly. The remedy of disgorgement exists currently in the State of Hawaii Penal Codes for felonies such as murder, kidnapping, extortion, drug trafficking, etc. Hawaiian law explicitly guards against governmental forfeitures that are grossly disproportionate to the nature and severity of the owner's conduct.

RBOAA believes it is inappropriate to impose the same consequences as conviction of serious felonies upon those who violate county ordinances. We ask that the Committee strike this language from this Bill.

**This Bill amends HRS section 237-34 to include counties of the state as persons with material interest in confidential returns and return information.** Since the counties do not administer the tax collection function that the Department of Taxation does, it is not appropriate that they be deemed entitled to private information of taxpayers. This provision is over-reaching and violates taxpayers' rights to confidentiality and privacy. Further, it creates an inconsistency in tax policy by divulging information on only one form of taxpayer, i.e. taxpayers collecting transient accommodation tax, and is therefore discriminatory in nature.

**Tax laws not uniformly applied:** The Department of Taxation has established rules for tax compliance that ALL businesses, regardless of nature, abide by. SB2999 lacks uniformity as it requires the collection of taxes by a tax agent and is, therefore, discriminatory in nature. By establishing a new method of tax payment that is unique to one type of business, SB2999 is depriving transient accommodation operators of rights provided to other taxpayers. The State of Hawaii, Department of Taxation Bill of Rights provides for the department's *"pledge that the tax laws will be administered with fairness, uniformity, courtesy and common sense."*

RBOAA does not object to taxpayers voluntarily using the services of an intermediary to provide tax payment services, but it should be voluntary, not mandatory.

**Bill holds operators liable for wrongdoing on the part of agent:** The bill provides that if the agent fails to report or pay the taxes on behalf of operators, the operator will be jointly and severally liable for taxes due. It is inappropriate to hold the operator liable for the actions or omissions of the agent who is registered or possessing an agreement with the DOT. Additionally, an operator will not have knowledge of payments between the agent and DOT, leaving the operator responsible for something they have no knowledge or control over.

**Agent to turn over to counties, periodic and annual returns, electronic data sheet with information on each TA rented including address, number of nights, price, amount of Tax and 1099 income:** The counties do not have the responsibilities of a tax collection department and have no valid claim to review periodic and annual returns nor is there a compelling need for information detailing number of nights, prices and income to determine if zoning compliance is, or is not, taking place. The DOT Bill of Rights provides: *"Taxpayers have a right to be assured that their dealings with the Department of Taxation will be kept confidential. Taxpayers have a right to be assured that their tax returns and tax information will not be disclosed."* The State of Hawaii Constitution provides *"the legislature shall take affirmative steps to implement the right of the people to privacy"* and *"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."* Operators of TA should not be excluded and disenfranchised from these protections afforded all other taxpayers.



**Upon request by a county, agent shall disclose any information in returns or cover sheets to planning director or any county official designated by the mayor.** An agent should not be providing confidential tax information any county personnel as they are not designated tax personnel for state TAT or GET receipts. This would violate TA operators of the rights of privacy afforded to other taxpayers. This information should only be obtainable through proper subpoena power.

RBOAA notes that this tax collection proposal has now failed to pass three times in the past two years. The faults in past versions of the proposal remain in this version. It is time to put this proposal to rest for good.

**Requires operators to obtain verification of compliance with written certificate, verification or permit.** The counties of CC Honolulu, Kauai and Maui all have designated zones where it is legal to conduct transient accommodation rental. For example, on Maui’s short term rental website page, they note “16,000 units are eligible by zone without obtaining a permit.” Kauai has several thousand units in visitor destination zones, and CC Honolulu has thousands of units in resort zones. It is not practical for each legally zoned operator to obtain a written consent when it is easily identified as operating legally by its zoning category on the applicable zoning map for each county. There needs to be a more practical solution to verification that doesn’t require each operator to request a written consent letter from the counties. The counties are not equipped to be able to provide such documentation in a timely fashion.

**Allows counties to phase-out conforming or non-conforming single family transient vacation rental units in any zoning classification.** Phasing out conforming units and possibly, non-conforming units, would equate to a “government taking” and therefore property owners would be entitled to just compensation. It should also be pointed out that to adopt a law that eliminates the conforming use of single family homes in any zoning classification would be a breach of public trust in government who has made this activity legal since the 1960s. Hawaii has developed master planned resort properties that included individually owned homes and condominiums. Owners purchased these properties with the legal right to provide lawful vacation rental as provided by approved zoning for such activity.

**Requires operators to provide to agent a statement of compliance with land use laws and ordinances.** This is redundant when other forms of proof are required. It is also unduly burdensome to the counties and operators to prove compliance.

**Require broker to publish name of local contact in advertising.** This will be confusing to the consumer and worse, lends itself to possible unscrupulous activity against a guest by anyone who impersonates as an on-island contact. Further, this provides no discernable benefit to any party.

Thank you for the opportunity to testify on this measure.

Sincerely,

Neal Halstead  
President,  
Rental by Owner Awareness Association

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



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January 30, 2018

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair

Via email to: [WAMtestimony@capitol.hawaii.gov](mailto:WAMtestimony@capitol.hawaii.gov)

Wednesday, January 31, 2018, 9:30 a.m.  
Conference Room 211 State Capitol

Re: TESTIMONY ON BEHALF OF AIRBNB OPPOSING AND  
PROVIDING COMMENTS ON LEGAL CONCERNS RE: S.B. 2999

Dear Senators:

We write on behalf of our client, Airbnb, to oppose and provide comments regarding serious legal concerns as to S.B. 2999. Airbnb provides a marketplace for people to list, discover, and book unique accommodations and experiences, connecting travelers at any price point in more than 65,000 cities and 191 countries.

S.B. 2999 contains problematic language that will render it invalid, unworkable, and unenforceable. The intended purpose of S.B. 2999 is to address the issue of taxation relating to transient accommodations. S.B. 299 allows transient accommodations brokers to register as a tax collection agent on behalf of all of its operators and plan managers, and requires registered tax collection agents to file periodic and annual GET and TAT returns containing certain required information. S.B. 2999 also requires a transient accommodations broker to obtain and publish certain information in any online advertisement, and to remove an advertisement for a transient accommodation upon notice that the property is not in compliance with state law or county ordinance.

Unfortunately, the current language of S.B. 2999 violates two federal laws: (1) the federal Communications Decency Act, 47 U.S.C. § 230 (“*Section 230*” or “*CDA*”) and (2) the Stored Communications Act, 18 U.S.C. Chapter 121 §§ 2701–2712 (“*SCA*”). Section 230 and the SCA are two laws which provide vital protections that ensure a free and open internet. S.B. 2999 is therefore preempted by federal law, and would thus be unenforceable if passed. In addition, S.B.



2999 violates the Fourth Amendment to the U.S. Constitution, and Article I, Section 7 of the Hawaii Constitution, and is therefore invalid.

We will first discuss Section 230 and the SCA, before discussing the specific provisions of S.B. 2999 which violate federal and state law and are unenforceable.

#### Section 230 of the Communications Decency Act.

Although a municipality may regulate in various areas, it must do so in a manner that does not conflict with federal law. Section 230 is considered the cornerstone of the legal framework that has allowed the internet to thrive, and it “protects websites from liability for material posted on the website by someone else.” *Doe v. Internet Brands, Inc.*, No. 12-56638, 2016 WL 3067995, at \*3 (9th Cir. May 31, 2016). It does so through two key provisions. First, “[n]o provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.” 47 U.S.C. § 230 (c)(1). Second, “[n]o liability may be imposed under any State or local law that is inconsistent with this section.” *Id.* at § 230 (e)(3). As the United States District Court for the District of Hawaii observed, “so long as a third party willingly provides the essential published content, the interactive service provider receives full immunity regardless of the specific editing or selection process.” *Sulla v. Horowitz*, No. CIV. 12-00449 SOM, 2012 WL 4758163, at \*2 (D. Haw. Oct. 4, 2012) (quoting *Carafano v. Metrosplash.com, Inc.*, 339 F.3d 1119, 1124 (9th Cir. 2003)).

Accordingly, courts across the country have regularly found that Section 230 preempts state laws that attempt to hold websites liable for third-party content. *See, e.g., Backpage.com, LLC v. McKenna*, 881 F.Supp.2d 1262, 1273 (W.D. Wash. 2012). Section 230 also protects websites from being forced to screen or otherwise verify third-party content. *See, e.g., Doe v. Friendfinder Network, Inc.*, 540 F.Supp.2d 288, 295 (D.N.H. 2008) (“§ 230 bars the plaintiff’s claims that the defendants acted wrongfully by . . . failing to verify that a profile corresponded to the submitter’s true identity.”); *Doe v. MySpace, Inc.*, 474 F.Supp.2d 843, 850 (W.D. Tex. 2007) (Section 230 barred claims that MySpace was liable for policies relating to age verification); *Fair Hous. Council of San Fernando Valley v. Roommates.Com, LLC*, 521 F.3d 1157, 1180 (9th Cir. 2008) (“webhosts are immune from liability for . . . efforts to verify the truth of” third-party statements posted on the website); *Prickett v. InfoUSA, Inc.*, 561 F.Supp.2d 646, 651 (E.D. Tex. 2006) (“The Plaintiffs are presumably alleging that . . . the Defendant is liable for failing to verify the accuracy of the content. Any such claim by the Plaintiffs necessarily treats the Defendant as ‘publisher’ of the content and is therefore barred by § 230.”); *Mazur v. eBay Inc.*, No. C 07-3967 MHP, 2008 WL 618988, at \*9 (N.D. Cal. Mar. 4, 2008).

#### The Stored Communications Act.

In 1986, Congress enacted the SCA, 18 U.S.C. Chapter 121 §§ 2701–2712, to give persons using internet platforms statutory protection, similar to the Fourth Amendment, against access by the government to stored electronic private information held by those internet platforms, without due process such as a search warrant. Orin S. Kerr, *A User’s Guide to the Stored Communications Act, and a Legislator’s Guide to Amending It*, 72 GEO. WASH. L. REV. 1208, 1209–13 (2004). The SCA limits the government’s ability to compel internet platforms to disclose information in their possession about their users, and limits the internet

platform's ability to voluntarily disclose information about their users to the government, absent a subpoena, warrant, or court order. The SCA contains both criminal and civil penalties for violations. Numerous courts have held that the SCA applies to internet platforms and websites. *Brown Jordan Int'l Inc. v. Carmicle*, 846 F.3d 1167 (11th Cir. 2017); *Crispin v. Christian Audigier, Inc.*, 717 F. Supp. 2d 965 (C.D. Cal 2010); *Campbell v. Facebook, Inc.*, 315 F.R.D. 250 (N.D. Cal 2016).

Recently, in *Homeaway.com, Inc. v. City of Portland*, Civil No. 3:17-cv-00091-PK, U.S. District Court, District of Oregon at Portland, a federal judge restricted the city of Portland from enforcing some of its lodgings tax regulations against HomeAway, a vacation rental website. That case involved regulations by the city of Portland which required HomeAway to provide information to the city—including customer names, listings, and rental addresses, and potentially lengths and prices of stays arranged through its websites—without a subpoena or other legal process. U.S. District Judge Michael W. Mosman ruled that significant portions of the regulations would violate the federal Stored Communications Act. See [http://www.oregonlive.com/portland/index.ssf/2017/03/post\\_588.html](http://www.oregonlive.com/portland/index.ssf/2017/03/post_588.html).

S.B. 2999 impermissibly violates the CDA.

Proposed Section 8 of S.B. 2999 adds a new section to Section 237. Proposed Section 9 of S.B. 2999 adds a new section to Section 237D. Both new sections appear to contain the same proposed language. The new proposed section (a) under both proposed provisions of Sections 8 and 9 of S.B. 2999 (applicable to both Sections 237 and 237D) provides, in part, that:

“The director may permit a transient accommodations broker to register as a tax collection agent on behalf of all of its operators and plan managers by entering into a tax collection agreement with the director or by submitting a tax collection agent registration statement to the director. Any tax collection agreement entered into pursuant to this section shall be subject to and in accordance with all applicable provisions of state law and county ordinances and shall not permit a tax collection agent, nor any operator or plan manager conducting business through the tax collection agent, to opt out of any requirements or obligations under state law or county ordinance.”

The new proposed section (i) under both proposed provisions of Sections 8 and 9 of S.B. 2999 (applicable to both Sections 237 and 237D) provides that:

“(i) All registered tax collection agents, **prior to publishing an advertisement, including an online advertisement**, on the availability of a property for lease or rent on behalf of an operator or plan manager: \*\*\*

(2) Shall **require the operator or plan manager to provide** the transient accommodations broker with the operator or plan manager's **transient accommodations number and local contact information** required under section 237D-4, **and include this information in the advertisement**, in compliance with section 237D-4;



(3) Shall **require the operator or plan manager to provide the transient accommodations broker with verification of compliance with state and county land use laws** in the form of a written certification, verification, or permit, as applicable, issued by the appropriate county agency;....

A transient accommodations broker **shall remove any advertisement** published through the transient accommodations broker, including an online advertisement, for a transient accommodation located in the State **for which the operator or plan manager fails to comply with paragraph (2), (3), or (4)** or for which the transient accommodations broker has received written notice from a state or county governmental authority that the property is not in compliance with state law or county ordinance, as applicable. (Emphasis added.)”

In other words, S.B. 2999 requires that before publishing any online advertisement, a transient accommodations broker must obtain information regarding the transient accommodations number and local contact information, and include this information in the advertisement. The transient accommodations broker must also obtain written verification of compliance with state and county land use laws from the appropriate county agency before publishing any online advertisement. S.B. 2999 requires the transient accommodations broker to remove any online advertisement which does not have this required information.

S.B. 2999 thus makes an internet platform responsible for the content (or lack of content) of any online advertisement, and makes an internet platform responsible for the obligations, and the violation of any obligations, of the people and entities using the internet platform. S.B. 2999 penalizes a hosting platform for the status of its users’ homes or units or the lack of verification from a county agency, and requires a hosting platform to determine such status before allowing a user to use the internet website to post an online advertisement. S.B. 2999 thus penalizes hosting platforms for the actions of their users. S.B. 2999 seeks to make the internet platform an enforcement agent for the state or the county with regard to land use laws. This impermissibly conflicts with and violates Section 230.

Proposed Section 11 of S.B. 2999 amends Section 46-4(a), Hawaii Revised Statutes, to state, in pertinent part, that:

“(a) The council of any county shall prescribe rules, regulations, and administrative procedures and provide personnel it finds necessary to enforce this section and any ordinance enacted in accordance with this section. **The ordinances may be enforced by appropriate fines [and], penalties, and remedies for disgorgement of all profits and restitution of any money, real property, or personal property that was obtained through unfair or unlawful business acts and practices, civil or criminal, or by court order at the suit of the county or the owner or owners of real estate directly affected by the ordinances.** In any action brought under this part, the court or zoning agency, in addition to any fine imposed upon the ordinance violator, shall allow costs of action, including costs and fees of any nature and reasonable attorney's fees, to be paid by the ordinance violator.

**A transient accommodations broker who fails to remove an advertisement within seven days of receiving a notice of noncompliance under section 237- (i) or 237D- (i) shall be considered to be in violation of this section and applicable county land use ordinances and shall be subject to civil fines, ranging from \$25,000 to \$100,000, to be levied by the county planning director of the county where the subject property is located.**

**Any civil fine or penalty provided by ordinance under this section may be imposed by the district court, or by the zoning agency after an opportunity for a hearing pursuant to chapter 91. The proceeding shall not be a prerequisite for any injunctive relief ordered by the circuit court. (Emphasis added.)”**

S.B. 2999 thus subjects an internet hosting platform to “disgorgement of profits” and the imposition of civil fines ranging from \$25,000 to \$100,000, to be levied by the county planning director of the county where the subject property is located. S.B. 2999 also seeks to create a new cause of action to subject an internet platform to a civil lawsuit brought by the owner or owners of real estate who claim to be directly affected by violations of the land use ordinances. S.B. 2999 thereby seeks to make an internet hosting platform financially responsible for the content (or lack of content) of any online advertisement, and seeks to financially penalize the internet platform for up to \$100,000, for the actions or inactions of other people and entities using the internet platform, not for anything that the internet platform has done. These proposed penalties and lawsuits against internet platforms are unfair, unwarranted and clearly violate Section 230.

S.B. 2999 impermissibly violates the SCA.

The new proposed section (g) under both proposed provisions of Sections 8 and 9 of S.B. 2999 (applicable to both Sections 237 and 237D) provides that:

**“(g) A registered tax collection agent shall file periodic returns in accordance with section 237-30 [or section 237-D6] and annual returns in accordance with section 237-33 [or section 237-D7]. Each periodic return required under section 237-30 [or section 237-D6] shall be accompanied by an electronic cover sheet, in a form prescribed by the department that includes the following information:**

(1) For each operator and plan manager on whose behalf the tax collection agent is required to report, collect, and pay over taxes due under this chapter, the **operator's or plan manager's name, address, and license identification number;** and

(2) **For each transient accommodation,** rented through the registered tax collection agent or the website or platform designated in the certificate of registration issued pursuant to chapter 237D, for which taxes are being remitted pursuant to this chapter:

(A) **The address of the transient accommodation;**

(B) **The number of nights that each transient accommodation was rented and the rate or price at which each transient accommodation was rented;** and

(C) The amount of tax being remitted pursuant to this chapter and the amount of any federal form 1099 income that was derived from each transient accommodation.

**Upon request by the planning director or mayor of the applicable county, a registered tax collection agent shall disclose any of the information contained in the returns or cover sheets required by this subsection to the planning director or any county official designated by the mayor to receive the information. Notwithstanding any law to the contrary, including section 237-34, the planning director and county official designated to receive the information pursuant to this subsection may examine and copy the returns and cover sheets to ensure compliance with this section, state tax laws and county tax ordinances, and any applicable land use laws and ordinances. (Emphasis added.)”**

In other words, proposed section (g), in particular, requires a hosting platform acting as a tax collection agent to provide the director of taxation with a periodic report, or information upon demand, including: (1) the address of each listing on the platform; and (2) the number of nights that each transient accommodation was rented and the rate or price at which each transient accommodation was rented. As a result, S.B. 2999 requires an internet platform to disclose the internet platform’s private information without a subpoena or any legal process. The rental address and financial information regarding a transient accommodation unit are private information held by an internet platform and governed by the SCA. Thus, S.B. 2999 violates the SCA, is preempted, and is unenforceable.

S.B. 2999 impermissibly violates the U.S. Constitution and the Hawaii State Constitution.

In addition, S.B. 2999 is invalid under both the Fourth Amendment to the U.S. Constitution and Article I, Section 7 of the Hawaii State Constitution. Specifically, the Fourth Amendment protects “[t]he right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures[.]”<sup>1</sup> The U.S. Supreme Court has held that “searches conducted outside the judicial process, without prior approval by a judge or a magistrate judge, are *per se* unreasonable . . . subject only to a few specifically established and well-delineated exceptions.” *City of Los Angeles, Calif. v. Patel*, 135 S.Ct. 2443, 2452 (2015). This rule “applies to commercial premises as well as to homes.” *Id.*

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<sup>1</sup> Because Article I, Section 7 of the Hawaii State Constitution largely tracks the language of the Fourth Amendment, and because Article I, Section 7 affords even greater protections than the Fourth Amendment, the discussion of the Fourth Amendment is also applicable to Article I, Section 7 of the Hawaii State Constitution. *State v. Curtis*, 139 Hawaii 486, 497, 394 P.3d 716, 727 (2017) (“We have often recognized broader protections ‘[i]n the area of searches and seizures under article I, section 7’ than our federal counterparts.”)

In *Patel*, the Supreme Court considered a municipal code provision requiring hotel operators to make their guest records available to police on demand or face criminal penalties. The provision required hotel operators to record their guests' name and address, the number of people in each guest's party, the make, model, and license plate number of any guest's vehicle parked on hotel property, the guest's date and time of arrival and scheduled departure date, the room number assigned to the guest, the rate charged and amount collected for the room, and the method of payment. The *Patel* Court held that the provision violated the Fourth Amendment and was invalid.

Although the *Patel* code provision involved a *criminal* penalty, as opposed a *civil* penalty, that distinction makes no difference. Courts have held that "Fourth Amendment protections apply in both civil and criminal contexts." *Bernstein v. Roberts*, 405 F.Supp.2d 34, 39 (D.D.C. 2005); *Camara v. Mun. Court of City & County of San Francisco*, 387 U.S. 523, 530, 87 S.Ct. 1727, 1732, 18 L.Ed.2d 930 (1967) ("It is surely anomalous to say that the individual and his private property are fully protected by the Fourth Amendment only when the individual is suspected of criminal behavior.").

Two courts have recently applied the holding of *Patel* to civil situations. In *Landon v. City of Flint*, No. CV 16-11061, 2016 WL 7661390, (E.D. Mich. Nov. 30, 2016), *report and recommendation adopted*, No. CV 16-11061, 2017 WL 345854 (E.D. Mich. Jan. 24, 2017), the court enjoined an ordinance requiring a rental property owner to allow a warrantless inspection of a rental unit or face a civil penalty. The court held the ordinance was invalid because it did not require a warrant or precompliance review before a routine inspection. Similarly, in *Garner Properties & Mgmt. v. Charter Twp. of Redford*, No. 15-14100, 2017 WL 3412080 (E.D. Mich. Aug. 8, 2017), the court found that an ordinance allowing a warrantless inspection to determine whether a rental property was up to code, and involving a \$75 civil fine, was invalid because it did not require precompliance review. Similarly, S.B. 2999 violates the Fourth Amendment by requiring an internet platform to disclose private, protected information without a warrant.

Conclusion.

For the foregoing reasons, the problematic language in S.B. 2999 renders it invalid. We therefore urge that S.B. 2999 be held. Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "David M. Louie", with a long horizontal flourish extending to the right.

DAVID M. LOUIE

for

KOBAYASHI SUGITA & GODA, LLP

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, TRANSIENT ACCOMMODATIONS, MISCELLANEOUS, Transient Accommodations Brokers as Tax Collection Agents; Amnesty

BILL NUMBER: SB 2999

INTRODUCED BY: DELA CRUZ, BAKER, Wakai

EXECUTIVE SUMMARY: Part I enacts an amnesty program. Amnesty programs have been tried in various states with mixed results, and has been tried in Hawaii once. Amnesty programs in general can erode taxpayer confidence in the system and should be used with caution. Part II allows a transient accommodations broker to serve as a collection agent for general excise and transient accommodations taxes. This type of arrangement would probably enhance collection of taxes because of the difficulty of policing individual owners.

SYNOPSIS: Part I adds a series of uncodified sections that direct the department of taxation to develop and administer a one-time tax amnesty program which is to begin no later than October 31, 2018, and that shall be completed before January 1, 2019, and which will apply to all tax types administered by the department under title 14, HRS.

The amnesty program in general will apply to those who have not filed returns or who have underreported liability. If a taxpayer is accepted into the program, the department is not to pursue criminal prosecution or civil penalties. Interest will be paid, and the taxpayer will waive any right to further contest the liability. The tax due is normally paid in full before the end of the amnesty period, but in cases of severe hardship the taxpayer may pay 25% at the time of application and the balance in monthly installments mutually agreed upon.

Part II:

Adds a new section each to HRS chapter 237 and chapter 237D allowing the director of taxation to permit a transient accommodations broker to register as a tax collection agent on behalf of all of its operators and plan managers. However, the tax collection agreement shall be subject to any requirements under state or county law, and does not permit the broker, operator, or plan manager to opt out of any requirements or obligations under state or county law. Defines “operator,” “plan manager,” and “transient accommodations broker” the same as in the TAT law.

The department is required to accept or deny an application for registration within thirty days. Upon acceptance as a tax collection agent, the broker shall report, and collect, and pay over the tax due on behalf of all its operators and plan managers as it relates to activity booked through the broker. Registration does not relieve the broker from any of its own tax obligations, and the operators and plan managers are not protected as to any business activity other than that booked through the broker. Furthermore, owners and plan managers are subject to all requirements of state and law (including county zoning law) as if the agreement did not exist.

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

A broker may cancel its registration by delivering a written cancellation notice to the department and its customers; the cancellation will be effective no earlier than 90 days after delivery of the notice. The department may also cancel a registration for any cause, including violations of the tax laws or a breach of the registration agreement.

Requires a broker, before placing an advertisement for a property for lease or rent on behalf of an operator or plan manager, to: (1) notify the operator or plan manager that the subject property must be in compliance with applicable state and county land use laws; (2) require the operator or plan manager to provide the broker with the operator or plan manager's transient accommodations number and local contact information required under section 237D-4, and to include this information in the advertisement, in compliance with section 237D-4; (3) require the operator or plan manager to provide the broker with verification of compliance with state land use laws and county land use ordinances in the form of a written certification, verification, or permit, as applicable, issued by the appropriate county agency; and (4) require the operator or plan manager to provide a statement to the transient accommodations broker confirming compliance with all land use laws and ordinances. If a broker is officially notified that a property being advertised is out of compliance, the broker is required to remove the advertisement.

Provides that returns filed on behalf of an operator may be disclosed to a mayor or county planning director (in addition to county tax officials) to ensure compliance with local land use and zoning laws.

Makes conforming amendments to sections 46-1.5, 46-4, 237-34, and 237D-13, HRS.

Provides that when a county establishes a process for providing verification of compliance with its land use ordinances, the county will get \_\_\_% of the TAT and GET revenues collected in that county for that fiscal year. This appears to be a one-time award.

EFFECTIVE DATE: July 1, 2018.

STAFF COMMENTS:

### **Amnesty**

Tax amnesty is a device that has become a common component of state tax administration in modern times. One exhaustive study of amnesty systems in 2012 (Mikesell and Ross, *Fast Money? The Contribution of State Tax Amnesties to Public Revenue Systems*, 65 National Tax Journal 529 (2012) (available at <http://www.ntanet.org/NTJ/65/3/ntj-v65n03p529-62-fast-money-contribution-state.pdf>) argues that most of the amnesty program features that bring in the most revenues also conflict with or undermine the goals of the tax administration system. For

example, it has been argued that amnesty can lead the public to perceive the tax system as unfair. If people who have been noncompliant can get back into business as usual with little or no economic disadvantage, those who play by the rules, or who had to bear the brunt of penalties and interest, may feel that they have been betrayed.

Hawaii has tried tax amnesty once before, in an administratively authorized program called “Fresh Start.” The Department of Taxation’s 2009 annual report described the program:

For the first time in State history, amnesty was offered to Hawaii taxpayers. Under the Fresh Start Program, qualified taxpayers were granted amnesty from the assessment of penalties and possible criminal prosecution, and were assessed interest at the rate of 4% per year, rather than 8% per year, on the balances owed.

To qualify, taxpayers were required to file all previously unfiled returns and/or amended returns to report previously unreported income, and pay the full amount of tax and reduced interest due. Only returns filed for tax periods ending on or before December 31, 2007, were eligible for amnesty. Taxpayers who were already being audited or investigated, in a collection program, or in litigation with the Department were ineligible for amnesty.

Though the Fresh Start Program was only in effect from May 27, 2009, through June 26, 2009, it resulted in the filing of 2,693 tax returns with the Office Audit Branch of the Compliance Division, and the payment of \$14.4 million in additional taxes. Of the total, 1,600 returns and \$8.4 million in collections came from taxpayers who qualified for the program; the remainder came from taxpayers who did not qualify, but who nevertheless came forward to file their returns and pay at least a portion of the amounts owed, or were for tax periods ending after December 31, 2007.

Department of Taxation, 2008-2009 Annual Report, at 14 (available at <http://files.hawaii.gov/-tax/stats/stats/annual/09annrpt.pdf>).

The program proposed here is designed differently from the 2009 program in that taxpayers under audit or on appeal would be eligible for the program. Certainly, the program proposed promises to bring in more revenue, but at some level of intangible cost.

### **Tax Collection by Transient Accommodations Brokers**

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

This bill presents an opportunity for the same logic and policy considerations to apply to transient vacation rental (TVR) activity operating through transient accommodation brokers such as AirBnB, Flipkey, Homeaway, and VRBO, except that the stakes may be a little higher because TAT as well as GET is being collected. This bill would appear to be necessary or

desirable to enhance the Department's collection ability given the limited resources available for all of state government including the Department.

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

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

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

At some point, we need to recognize that TVR hosts, like most employees, are adults. They have chosen to go into business, and they are responsible for running their business and all that it entails. They, as the property owners, are answerable to the counties for the use or misuse of those properties. Certainly, the brokers need to be aware of and compliant with laws that pertain to their business if they are going to be doing business here. But it seems a bit much to ask the brokers to be policemen for the counties when the counties, for whatever reason, can't or won't enforce their own zoning laws.

Ultimate responsibility as to both State tax and county zoning laws rests with the owners of the accommodations, not the broker. Owners may be in varying degrees of compliance with the zoning laws just as they are in varying degrees of compliance with the tax laws. The broker is not in an efficient position to police the former, but effectively can do something about the latter



because money from the transient guests flows through the broker's system. That is all this bill tries to address.

As a technical matter, the bill in its current form creates a "chicken and egg" problem. Most counties do not presently have a process in place to verify compliance with existing zoning and land use laws, which is why the bill rewards them when they establish one. However, clients of a broker are not permitted to advertise until they receive a permit or similar evidence from the county. If a broker is not permitted to advertise, owners and operators will have no reason to list with the broker and will go elsewhere, perhaps to a broker that has not agreed (and has no intention) to collect tax on behalf of its clients.

Digested 1/28/2018

**SB-2999**

Submitted on: 1/29/2018 8:40:11 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael L Quisenberry	Ice Hawaii LLC	Oppose	No

Comments:

Short term renting benefits local people

**SB-2999**

Submitted on: 1/29/2018 10:55:44 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Matthew Bush	Legacy Mortgage	Oppose	No

Comments:

I use home sharing to rent a room out in my house this helps supplement my income ever since I lost all of my retirement during the crash of 2008, I feel the State and hotels unions shouldn't have any say who I rent to, especially when they kept all of their retirement paid for by tax payers like me. The guests I have staying in my residence are people who can't afford the hotels in Hawaii but contribute to the local economy by shopping everyday around town, keep mind Hotels attempt to keep guest from leaving the grounds because when they do they lose money.

**SB-2999**

Submitted on: 1/29/2018 3:42:21 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

**SB-2999**

Submitted on: 1/28/2018 2:30:40 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Ways and Means Committee,

Mahalo nui for the opportunity to **STRONGLY SUPPORT** SB2999. This bill provides us with the best chance to stem the tide of illegal vacation rentals that are impacting our neighborhoods, beaches and other public spaces, and residential housing opportunities. While I understand some local illegal vacation rental operators may claim to need the added income in order to maintain their mortgages or support their lifestyles, they provide little to no support for their claim that they could not generate sufficient revenue by offering their rental units legally, to long-term residents. There is also ample evidence to show that the proliferation of illegal vacation rentals is primarily the result of speculation and investment purchases of our limited residential inventory, by out-of-state residents and corporations with little to no concern for their substantial contribution to our skyrocketing housing costs.

Accordingly, I respectfully urge you to PASS this bill.

Mahalo nui for your consideration of this matter.

Wayne Tanaka

**SB-2999**

Submitted on: 1/29/2018 1:57:13 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Aloha--

My partner and I have been living the Puna District for almost five years and have been operating an two AirBnB units for most of those years. This has been a win-win for all: 1) The TA and GET taxes that we have paid have supported both our county and state needs; 2) Tourists have found an affordable place to stay that makes the Hawaii tourist experience a deeply personal one that is filled with Aloha. We have much pride in having our customers leave our place, very appreciative how we have cared for them and how they have found peace here. The Puna District is one of the poorest disticts in Hawaii and if the state government limited our ability to serve the tourist industry, it would dramatically undercut one of the few revenue streams that we have here in Puna. The tourist industry drives most of our livelihood here--and this is true for us as householders, but also for the District overall. We hope the efforts of the State Government will support our efforts to boost Hawaii's economy and spread Aloha around the world.

Sincerely,

Robert Golden

**SB-2999**

Submitted on: 1/29/2018 2:00:28 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Hello,

My name is Nanea Lo and I was born in Hawai'i. I am a student, resident, active community member, and tax payer. I am writing in to state that I am in strong support of SB2999— no taxation without requiring data transparency, permit listing, and delisting of illegal vacation rentals. Pass SB2999!

Thank you,

Nanea Lo

**SB-2999**

Submitted on: 1/29/2018 2:05:05 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

My name is Kathleen Dinman. Thank you for the opportunity to testify in opposition of SB2999. Please consider allowing short 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



**SB-2999**

Submitted on: 1/29/2018 2:13:23 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Aloha Chairs Tokuda and Dela Cruz, and all members of the Ways & Means Committee:

My name is Nicole Schubert and I live in the Kalihi neighborhood of Honolulu. I am testifying in opposition to SB 2999. I am writing today to ask that the committee create an updated approach to home sharing and vacation laws, one that is fair, up to date, protects neighborhoods, and allows locals and the state to continue to benefit from the tourism industry.

Home sharing helps me, a Hawaii Department of Education public school teacher, to pay my student loans and rent to live in Kalihi. By renting out one room in my 3 bedroom apartment on Airbnb, I am able to afford the student loan payment I needed to get a Master's degree to become a State of Hawaii teacher. I have a business license, and pay my GET and TAT taxes semi-annually. Home sharing helps middle class folks pay their bills in Hawaii- and we would love it if the state helped us collect the millions of dollars in taxes from our guests.

Please strongly consider opposing SB 2999 until the laws are updated in a fair manner that benefits home sharers and Hawaii's economy!

Thank you for your time,

Nicole Schubert

Public school teacher, Dole Middle School, Kalihi, Honolulu District

**SB-2999**

Submitted on: 1/29/2018 2:23:15 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

ALOHA Chairs Tokuda and Dela Cruz and all members. I am Rebecca Atkinson of Kaimuki.

I would like to testify against SB 2999. Please modify it to create an updated approach to home sharing and vacation laws, one that is fair and up to date. One that protects neighborhoods allowing locals and the state to benefit from the tax income. Tourists love Hawaii and want alternative accommodations. Not everyone loves the huge parking structures, a mile long walk to your small hotel room and car or huge crowded hotels with expensive food.

Alternative accommodations are in demand and provide a valuable boost in the economy, generating a more than \$5 billion impact and creating many jobs. Home sharing allows locals to generate additional income to help deal with Hawaii's high cost of living. There are still many longterm rental available on the market.

Please stop SB 2999.  
Thank you

**SB-2999**

Submitted on: 1/29/2018 3:10:26 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

This bill will make difficult for short term rental to be available benefiting the large hospitality corporations. The cost of living in Hawaii is very expensive and short term rentals uses this income as supplemental support to pay bills. I don't have anything against paying taxes on the GE license and Transient Accommodations taxes, stop implement bills to benefit the Hospitality corporation and start facilitate short term renters to be able to expand their business. Allow Airbnb or VRBO to collect the taxes and pay the state. We support tourism and share the aloha spirit, make the tourists visiting this state welcome and part of the Ohana. No short renters are getting rich doing this, we are just trying to support the cost of living in Oahu that is astronomical in comparison to other states. It is time to support the little guys and not the corporate that tries so hard to crush us and put money on the pockets of politicians with campaign contributions. Short term renters can contribute a lot to the economy in Hawaii.

**SB-2999**

Submitted on: 1/29/2018 3:11:55 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Aloha! I believe sb2999 is unnecessarily complex and assaults my freedom to rent. As an owner of 2 vacation rentals, I contribute to the enjoyment of many people annually, many of whom repeatedly come to the Big Island due to the positive experience I provide. I collect both GE and TA taxes and submit them to the state promptly, both from bookings through Airbnb and Home Away. I am providing an experience not available through the hotel/motel industry that is promoting this bill. There is no need for Statewide consistency of land uses permitted by counties in this area. The Big Island is the only one that does not tightly regulate vacation rentals (either whole homes like mine or portions of homes). It is refreshing and has prevented me from investing in other islands. Please reject this bill!!!! Mahalo! Hartley Phillips

**SB-2999**

Submitted on: 1/29/2018 3:49:22 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

**SB-2999**

Submitted on: 1/29/2018 3:20:31 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Please vote no on this complicated and difficult to understand bill. If you just require those who advertise to pay taxes that should solve the problem.

## **Testimony opposing resolutions 17-52 and 17-164**

**To: The Honorable Chairs** Tokuda and Dela Cruz, and members of the Ways & Means Committee

Aloha. My name is Mark Steiner, I live in Kailua.

Mahalo for the opportunity to submit testimony.

I am in opposition to SB2999.

The ways we treat alternative housing is outdated and unfair not only to these hosts, but also to their neighbors, by lack of a permitting and regulatory / enforcement approach to maintain high standards for home sharing. I would advocate for vacation laws that are fair, up to date, protect neighborhoods, and allow locals and the state to continue to benefit from the tourism industry

I support home sharing for several reasons...

The regulations on the books are significantly outdated and do not reflect the Ho'okipa tradition of Hawai'i. They need to be replaced by fair and appropriate regulations that preserve our long-standing traditions of aloha, sharing, and private hospitality.

I don't want to Hawaii to become a sea of high rise hotels. Alternative accommodations, by their lower cost, allow average individuals to afford visiting our beautiful islands for longer stays, where they can spend more money in restaurants, shops and services, supporting the rest of our economy other than only the already wealthy hotel industry. Home sharing allows visitors to learn more about us as well, and will enjoy their stays more in well maintained homes. These are essential to the state's economy, both directly and indirectly. Hosts hire more services to keep their homes in optimal condition and to provide additional amenities for their guests, they would not necessarily spend for themselves. This means income and jobs for Hawaii.

Home sharing also allows local residents to generate extra revenue to help deal with Hawaii's high cost of living. We're not all celebrities and CEOs, and even a professional's salary, up to 40% less than mainland salaries, makes it difficult to live the way we should. It is especially difficult for moderate income families to thrive with the high cost of living here, many working more than one job. In Norway, it is illegal for anyone to work more than 40 hours in a week.

I know that most guests want to see the real Hawaii, talk with a resident, and not stay in a hotel. Like some areas outside of Waikiki, there are not any hotels or motels in Kailua. Nor can some afford our lovely hotels. They would rather spend money in shops, restaurants, and attractions, boosting the local economy.

Having guests come and go unpredictably in the home of a working resident provides them and their neighbors with an extra measure of security.

I ask you to oppose SB 2999 when it comes up in Committee.

Mahalo nui loa for your time

**SB-2999**

Submitted on: 1/29/2018 3:37:22 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Aloha Chairs Tokuda and Dela Cruz,

I am a former teacher on the Leeward side and now the Community Manager at Impact Hub HNL and I am passionate about the sharing economy as I beleive it promotes efficient use of resources a sense of community.

I am opposing SB2999 and ask that the committee creates an updated approach to home sharing and vacation laws, one that is fair, up to date, protects neighborhoods, and allows locals and the state to continue to benefit from the tourism industry.

I support home sharing becuae it is essential to this state's economy and a way for all people to earn money on Hawaii's largest industry--an industry whose profits were previously closed to most people.

Home sharing also allows local residents to generate extra revenue to help deal with Hawaii's high cost of living.

Please oppose SB 2999 when it comes up in Committee.

Mahalo,

Anne Weber



**SB-2999**

Submitted on: 1/29/2018 5:07:03 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

My husband and I are both retired and living in Kailua Kona on Hawaii Island. After my mother passed away, we converted her 1 bedroom ohana into a rental unit and had a long term tenant living there for a year. We really felt we wanted to have personal use of the space when our adult children or other family members or friends came to visit, so we decided to list it with Airbnb. The income has helped us to be able to remain in our home and actually make some improvements which we would not have been able to afford. We DO pay our GET and TAT tax and I would like for Airbnb to be able to collect and pay this tax on our behalf, but I do not agree with the way this bill is written. It is important to allow residents to continue to offer vacation rentals as they appeal to a certain group of people and it does not appear to be affecting the hotel/resort occupancies.

**SB-2999**

Submitted on: 1/29/2018 4:42:36 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

**SB-2999**

Submitted on: 1/29/2018 4:46:57 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

In an already bad economy, this is allowing tourists to visit, when the hotels are over priced. Homeowners arent mad about this, renters are. People are trying to keep the island going. Without this money, development will be harder.

**SB-2999**

Submitted on: 1/29/2018 5:36:36 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

**SB-2999**

Submitted on: 1/29/2018 5:38:22 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

TO WHOM IT MAY CONCERN:

I ADAMANTLY OPPOSE SENATE BILL 2999!

The proposed draconian legislation to pave the way toward a ban and/or to seriously regulate or restrict short term rentals in Hawaii is very concerning and worrisome to thousands of us here who are affiliated with offering low-key, affordable accommodations to visitors.

Personally, it would ruin me. I rent out a modest room in my house, which has helped my small family stay in our home, pay my mortgage and expenses and crawl out of and fight off foreclosure during the recession and my divorce, which happened simultaneously in 2010.

Short term renting is the ONLY way that I survived the recession here!

I have the required licenses and collect and remit TAT/GE taxes, which have amounted to several thousand paid into the state coffers over the years. It's just one income stream I have as a single mom with two children attending UH Hilo. The other two jobs are writing and teaching. Even still, it's barely enough to make ends meet. My mortgage reset last year to a higher rate and this year will go to an even higher rate. At the age of nearly 59, I'm getting very concerned because all my costs are going up. But my income has not. In fact, it has been steadily declining. In short, I RELY on this short term rental income. If it were banned, I would need to consider selling and moving off island after more than 25 years as a working, taxpaying resident of Hawaii.

Short term renting offers a way for me, as a person nearing retirement age, to get by in a place where it's unimaginably difficult to make a living (I have a college degree and professional skills) and afford to own a property. Also, this year, we faced both a property tax hike and a gas pump hike by the Kim administration. A rise in GE tax is being proposed here as we speak. More cost of living increases, yet it's now being proposed to ban our ability to rent our properties out short term?

These sections of the bill are deeply disturbing:

"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. Authorizes disclosure of GET and TAT returns to authorized county officials."

I think this is the most disturbing part of the bill. It would allow counties to take the profits made by anyone they deem to be operating "illegally." I strongly object to officials at the county level getting that kind of power. It gives the counties a lot of power to penalize and take income from people without

due process.

It also mentions disclosing GE and TA tax information to designated county officials. Very disturbing.! Why? This is a violation of our privacy!

This is way too much power to hand over to county officials, who will then receive the green light to conduct dragnets to seek out owners for “prosecution.”

I would also like to dispute the widely held idea that short term rentals are removing available housing stock from the islands. While it may be true in some cases, the truth is that short term rentals and long term rentals are two different markets. I would never ever rent my room to a long term tenant. I know many owners feel the same. I did it once and was scared and disappointed by the results, even though I carefully screened the tenant. Also, you can't evict someone on the Big Island without paying sheriffs from Maui to come over and handle it for you. The laws are stacked in the tenant favor always. Long term renting is therefore not a fit and I will never do it. So I must either rent short term or I WILL let the place sit EMPTY until the occasional friend or family member visits.

Also I believe the entire nation has a housing crisis not because of a few vacation rentals but because, from 2009 until the present, more than 15 million homeowners nationwide lost their homes to a foreclosure crisis that still persists. These former owners are now renters flooding the market and competing with regular renters for housing. There are thousands of people in Hawaii who lost their homes to foreclosure and are now renters. And this is why we have a housing crisis in our state and elsewhere. Not because someone rents on Airbnb or VRBO!

So while it may “appear” that Airbnb rentals competes with affordable housing, correlation does not equal causation. (Just because the rooster crowing is associated with the sun rising does not mean he caused it to happen.)

Stated another way, if the state and county banned every short term rental on the island today, you would STILL have a housing crisis.

I think it would cause a cascade of distress and immediately and irreversibly tank our delicate statewide economy. Owners who rent their retirement homes out until they can relocate to the island would simply

be forced to sell. My good friends are in that position. They wouldn't rent their beach place long term. They would just sell it and get out.

Also, how would this ban of rentals on our islands be enforced? The counties would need to hire a whole staff of enforcement agents to monitor the situation. I could see it being a whole office or department dedicated just to that effort. It would take so much manpower to enforce this "ban" around the island, especially since a large percentage of homeowners have been vacation renting decades before the current "craze" took hold. It's really a way of life here!

To that end, also remember that a whole cottage industry has arisen and supported the vacation rental market, which employs a number of people who service the homes or renters. On my street alone, two families make their entire living cleaning, managing and otherwise servicing vacation rentals for owners. STRs also create jobs for pool cleaners, handymen, pest control services and others, just to name a few. Owners buy more appliances and furniture, dishes and linens, all of which help the local economy. These properties are always kept up better than snowbird type homes or long term rental homes, preserving and enhancing the property values for all of us.

In some areas, such as South Kona, Hamakua or Puna/East Hawaii, there are ZERO hotels or accommodations for guests who want to visit and stay in those areas. In my case, I rent to quiet singles or couples who book three or four days on the Kona side and three or four on the Hilo side. In 99 percent of cases, these are quiet, law-abiding guests, people who are mainly here to sightsee, do a circle island or enjoy Hawaii affordably. The other 1% stays with me to work on writing books or pursue artistic endeavors.

Practically speaking, there are not enough hotel rooms on this island to accommodate these visitors. Consider the closing of some hotels as well. The Keauhou Beach Hotel and Uncle Billy's Pagoda both closed and are being demolished. There's nothing to replace those many hotel rooms taken out of inventory.

My guests spend money on car rentals, gasoline, restaurants, souvenirs, attractions and more. Take away their place to stay and they will simply not come to Hawaii if the Hilton or Marriott is their only choice. Multiply that by thousands and thousands of cases and there you have it—an economic tanking on our island.

I firmly believe that if vacation rentals are banned outright on Hawaii Island, it would also cause a drastic, immediate and possibly irreversible meltdown of our local island economy. I speak for many many people when I say that many local homeowners I know depend on this vacation



renting income. Those taxes we collect add to our state's coffers immensely. (Over the years I've collected thousands in tax on my humble place.) They also give money-spending visitors who are normally not able to afford the large hotels an alternative. All the businesses that the visitors patronize would be impacted, as many visitors just could not afford to come here.

Please, please do not ban or restrict the vacation rentals that currently exist on our island and ruin us in the process!

There are lots of solutions out there. Let's research it and think of some compromises that are fair to all of us—visitors, homeowners and the residents of our Hawaiian Islands.

Again, I adamantly oppose SB2999!

Sincerely,

Kristina Anderson

South Kona

328-2462

adcopycat@gmail.com

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**SB-2999**

Submitted on: 1/29/2018 6:38:41 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Dear Members of the Committee, I am writing to provide testimony in opposition of the majority of revisions proposed in SB2999. As the owner of a transient vacation rental (TVR) on the island of Hawai'i, I fully support efforts by the state to collect taxes, and I support justifiable regulation where it will best serve my guests, neighbors and the community. I do not believe that this bill serves anyone well in its current form.

First, I do not have strict opposition to having the online platforms collect and remit taxes to the State, but my preference would be to maintain the current process of having owners remit their own taxes and increase the ability of the Department of Taxation to enforce current laws.

Second, I have issue with the following addition: "A transient accommodations broker shall remove any advertisement published through the transient accommodations broker, including an online advertisement, for a transient accommodation located in the State for which the operator or plan manager fails to comply with paragraph (2), (3), or (4) or for which the transient accommodations broker has received written notice from a state or local governmental authority that the property is not in compliance with state law or county ordinance, as applicable." Our rental is located in Volcano (Hawai'i County) where the land use zoning definitions relating to TVRs are not currently established. Volcano is an ecologically sensitive area, and the TVR and B&B community in the area serve visiting tourists in an area without substantial hotel lodging. This area would likely be greatly impacted if such hotel lodging were established to support the rooms necessary for the current visitor loads. I worry about the effect of this requirement for rentals in Counties where TVRs are well-established and land use zoning does not currently address the validity of TVRs in residential areas. I believe this measure will spur Hawai'i County to develop land use restrictions without adequately evaluating the economic/environmental impacts and seeking the necessary public input to develop appropriate measures.

Third, I have issue with the following addition: "Where a county seeks injunctive relief for violations related to single-family transient vacation rental units as provided by ordinance, the county need not show irreparable injury;" This addition singles out TVRs and implies that they are an imminent substantive threat that do not require the County to overcome the burden of proof before the courts to seek injunctive relief. Such burdens are in place to prevent government take of an individual's property by nullifying

their due process. If the State can eliminate this process for TVRs, one can ask what protections will be eliminated next.

Finally, I have the greatest concern regarding the following additions: "A zoning ordinance may provide for the amortization or phasing out of conforming or nonconforming single-family transient vacation rental units over a reasonable period of time in an area of any zoning classification." and the addition of "other than transient vacation rental units, as provided in this section." to the end of the current language in law: "In no event shall such amortization or phasing out of nonconforming uses apply to any existing building or premises used for residential (single-family or duplex) or agricultural uses." These revisions provided alter the existing law to allow amortizations of a specific nonconforming (Single-Family Transient Accommodations) use in all zones, including Residential. The existing Hawaii law currently permits amortization of nonconforming uses in Commercial, Industrial, Resort, and Apartment zoned areas only. The proposed language in this Bill would authorize amortizations in Residential-zoned areas; something that the law up until now has expressly prohibited. Further, the new language targets one specific use (Single Family Transient Accommodations), setting a new precedent in this provision. The case notes at the end of §46-4 County zoning state: "Grandfather protections afforded a property owner under this section and land use ordinance intended to prohibit new zoning ordinances from interfering with an owner's lawful uses of a building or premises under an existing zoning ordinance. 86 H. 343 (App.), 949 P.2d 183." Based on the notes above, the revised language in this Bill imply (without merit) that the use of a single-family residential property as a transient vacation rental is unlawful. As such, grandfather protections would not apply. I believe such action would be grounds for consideration as a constitutional taking. Amortizations are generally considered useful when there is an extreme nuisance or imminent threat to the community (e.g. removing billboards or phasing out of junkyards). The new language does not support that such a threat is presented by the Single Family Transient Accommodations use nor does it weigh the benefit to the communities to the loss of the property owners. There is no adequate justification included with these revisions to validate the extreme necessity of voiding Hawaii property owners' rights of use.

I offer these points for your consideration. Thank you for the opportunity to provide comment. Matt Hubner

**SB-2999**

Submitted on: 1/29/2018 7:00:20 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

as airbnb hosts on the Big Island for the past 3 years we have paid quarterly GET and TATbtaxes on time and also submitted the consolidated form on time each year. We are a retired couple living in rural North Kohaks and need the extra income to survive. We work hard to provide our guests with a quality vacation experience . We also pay state and federal income taxes on our business.

From our point of view the governor and state should offer us a thankyou for the income that we have contributed to the state coffers. We also refer our guests to local businesses,restaurants, and hotel restaurants and spas.

We help the state.

**SB-2999**

Submitted on: 1/29/2018 7:00:36 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

My name is Jordan, I am a resident of Hawaii, living in Pahoia on the Big Island. I am a young professional who was able to purchase her first home, on 6 beautiful acres, in 2016. One of the things that allowed me to purchase a home at a young age was the ability to use the Ohana as a Vacation Rental. Most months after taxes, the rental covers the mortgage, which leaves me better able to stay on top of my property taxes, insurance, maintenance, and live comfortably enjoy this wonderful island.

Many parts of this Bill are very unsettling. If you give the counties carte blanche to "adopt ordinances to amortize or phase out transient vacation rental units" after giving them access to GE and TA tax payer information, you are encouraging the counties to create a war on vacation rentals. Officials on the County level should not have access to that level of power.

Short term vacation rentals are an essential part of the economy of the Big Island. Pahoia, which is located in Lava Zones 1 and 2, makes it an unviable choice for resort growth. The economy rides on the back of the short term rentals in the area. The local people in the poorest district in the state do not have the financial means to support the towns of Kalapana, Pahoia, Keaau, Kurtistown, Mountain View, and Volcano without short term rentals. These towns are filled to the brim with locally owned restaurants, shops, galleries, and museums.

Allowing this Bill to move forward, is handing the counties a loaded gun in which they are now empowered to take action against vacation rentals, and the local economy by extension. I am asking you to protect my privacy, my ability to make a living, and my community.

**SB-2999**

Submitted on: 1/29/2018 7:17:59 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

This bill is harmful to short term rentals and unduly punitive.

**SB-2999**

Submitted on: 1/29/2018 7:20:22 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Graeme Reed	The Family Doctor	Oppose	No

Comments:

Chairs Tokuda and Dela Cruz, and all members of the Ways & Means Committee,

My name is Graeme Reed MD and I live and work as a primary care physician in the Kapolei Ewa Beach area. I am writing in strong opposition to the measure SB 2999. I am writing to ask that you create an updated approach to home sharing and vacation laws, one that is fair, up to date, protects neighborhoods, and allows locals and the state to continue to benefit from the tourism industry.

There are many potential tourists to the state that, were it not for home sharing, would be unable to visit and hence unable to contribute to our economy. These tourists currently generate more than \$5 billion in economic impact and are responsible for more than 30,000 jobs.

There are many local residents who, were it not for home sharing, would be unable to continue living here in the state of Hawaii and would be forced to move to the mainland taking their professional talents with them.

I ask that you oppose SB 2999 when it comes up in Committee.

I thank the Chair and Committee for your time.

**SB-2999**

Submitted on: 1/29/2018 7:29:47 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Dear Chairs Tokuda and DelaCruz and all Members of the Ways & Means Committee,

I have been an Airbnb host for six years. We have hosted guests from all over the world.

We spend approximately an hour with each guest, giving them an introduction to the island, including Hawaiian language lesson and where to eat local grinds. I see my job as

creating sacred space for travellers so that they can get the “best sleep” they have had in years and so that couples can have meaningful conversations.

I oppose SB2999 and ask that you oppose it also. Please create an updated approach to home sharing and vacation laws, one that is fair, up to date, protects neighborhoods, and allows locals and the state to continue to benefit from the tourism industry.

Alternative accommodations and home sharing are essential to the state’s economy. They generate more than \$5 billion in economic impact and are responsible for more than 30,000 jobs. Home sharing also allows local residents to generate extra revenue to help deal with Hawaii’s high cost of living.

Please Oppose SB2999 when it comes up in Committee.

Thank you for your time and service.



Sincerely,

Mary Park

71-1743 Puu Kamanu Loop

Kailua Kona, HI 96740

**SB-2999**

Submitted on: 1/29/2018 7:48:21 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

**SB-2999**

Submitted on: 1/29/2018 8:16:20 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Chairs Tokuda and Dela Cruz, and all members of the Ways & Means Committee,

My name is Lucretia Worster and I am a three year resident of Volcano, Hawaii. When my husband and I moved here, I had worked in technology for Alaska Airlines for 12-1/2 years. We planned for me to continue working on the mainland remotely. When Alaska decided that I had to move back to Seattle, my husband and I decided that it was a sign that our life should change. We love this island and our neighbors, and this was now our home.

Sadly, there is not the corporate infrastructure on the Big Island that supplies the type of high paying jobs we had become accustomed to in Seattle. We decided to work for ourselves. Running our little vacation rentals not only gives us the ability to live where we love, but also provides jobs in our community and allows us to make guests to our island fall in love with it — just like we did.

I am testifying for measure SB 2999.

I would like to ask that you consider writing more up-to-date, easier to understand and follow, laws for vacation rentals. Those of us in the business desperately want to do the right thing and to have a level playing field with other rentals across the island.

I believe we are excellent neighbors. We attempted to rent one of our homes as a long-term rental, but the renters did not maintain the property and ultimately broke their lease. Since transitioning to vacation rentals we are at the property every other day,

cleaning and maintaining to our guests high expectations. Our neighbors are very happy with the new situation.

We also benefit our community by hiring local residents to assist with cleanings, do yard work, and repairs. These jobs pay much more than they would get working at Walmart - typically \$20-\$40 an hour. We buy supplies locally. We contribute to non-profits in our village.

We also recommend local restaurants, tours, and shops to our guests which promote sales inside our small community. Near the national park there are only three "large" hotels - Volcano House inside the park, Kilauea Military Camp which is only open to military, and Kilauea Lodge. There is no way that these few, high priced, facilities could accomodate the increasing numbers of people visiting the volcano each year. We make experiencing the island affordable, personal, and memorable.

Rather than focusing on eliminating short term vacation rentals, I would like to see our government concentrate on holding more short term rentals accountable for paying their proper taxes. Though we pay ours (over \$8,500 for 2017), others do not. Because Airbnb does not allow a line item for taxes, my \$100 a night, or \$85 after I pay taxes, is compared with someone else who makes \$100 and does not pay any taxes. Allowing Airbnb to include this line item will assure the government gets their share while creating a more level playing field when guests compare prices.

I am asking you to oppose SB 2999 when it comes up in committee and look into a more fair and revenue generating option that will benefit the people of the Big Island.

Mahalo for your time.

Lucretia Worster

**SB-2999**

Submitted on: 1/29/2018 8:26:03 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Illegal Vacation Rentals are a problem that drives up rents and home prices, making thousands of units unavailbale for local families to live. There seems to be no one holding owners of these units accountable and the problem continues unabated. Maui County and others debate over what to do about the dearth of rentable units, potentially needing to spend millions of dollars, or open up many acres of land to development. However, there is a large supply of units that have been simply misused as vacation rentals. An amnesty period and then heavy enforcement with real and heavy financial penalties is in order and would potentially open up hundreds of units, potentially thousands of units. This would have an immediate effect on the rental market, and giving people much needed space to live, space that is already built.

Light Maleski

**SB-2999**

Submitted on: 1/29/2018 8:46:24 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Aloha Chairs Tokuda and DelaCruz and all Members of the Ways and Means Committee,

Please oppose SB2999 when it comes up in Committee.

25 years ago, I moved from California to Hawaii. Prior to the move, I took a vacation to Hawaii every year for eight years and made wonderful friends before the move. I loved Hawaii!

I knew many of my friends had two or three jobs to make ends meet. Upon moving here I got a full-time office job and a part-time job restaurant job. It was also a \$10,000 pay cut from the salary I had in the mainland but it was worth it!

Fast forward 25 years to the present...today...and Hawaii is as expensive to live as ever.

Extra income from home sharing has made a difference. I'm not super wealthy but it makes it a bit easier living paycheck to paycheck.

Ironically, one of my good friends that had three jobs, a local lady from Kauai, moved to California and is doing great with one full time job.

I'm sure many folks are not trying to abuse the ability to home share and have come to depend on the extra income just to get by.

As a side note, I have no regrets making Hawaii my home.

Please oppose SB2999.

Mahalo,

Adrian Lee

**SB-2999**

Submitted on: 1/29/2018 9:43:02 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

STRONGLY support this measure. Regulation of short-term rentals and control of illegal rentals are keys to equalizing the housing availability in the islands. I personally have experienced hardship stemming from lack of available, affordable units and am convinced that the **thousands** of illegal short-term rentals are a major contributor to the problem. My friends and family have as well. This measure is a step in the right direction.



**SB-2999**

Submitted on: 1/29/2018 9:49:54 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Under no circumstances do I support this bill. As a resident of Hawaii County, this is a ludicrous measure. If this is an attempt to try and help the housing shortage issue, it fails miserably. That is an issue that is entirely separate.

Until the landlord tenant laws are addressed, the housing issue will never be solved by limiting short term rentals. The legislature is unwilling to address the larger problem and is attempting to scapegoat the short term vacation rental market. Fix this problem before trying to scapegoat short term rentals for political gain.

Also, our elected officials are ignoring the fact that residents depend upon the income from vacation rentals to help pay their mortgages and living expenses. By only allowing short term rentals in the Resort Zone, the only people who benefit are wealthy, out of state owners who are not residents of Hawaii. These are NOT your constituents who vote within the state of Hawaii.

**SB-2999**

Submitted on: 1/29/2018 9:55:29 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

I strongly oppose SB2999. As the co-owner of the house next door to the home my husband and I reside in, I would lose my home and go into bankruptcy were I not able to rent it out as a vacation rental. For many months now it has been impossible for any landlord to remove a lawfully evicted tenant from a property here on Hawaii Island. I would never even consider turning this property into a long-term rental under these conditions.

Please stop working for the out of state hotel industry and rewarding the 0.1% as the expense of Hawaii homeowners, residents, and voters.

There are many progressive solutions to lack of affordable housing in Hawaii, including progressive taxation, increasing the minimum wage to a living wage, mandating more low-income housing units in resort areas and as conditions of any housing or hotel projects, providing tax incentives, and fast-tracking residential construction permits. Currently out of Hilo it takes 4-6 months to get a permit for even a simple home to be approved!

Efforts such as SB2999 will simply criminalize Hawaii residents, and drive vacation rentals into a black market where even fewer people will pay taxes.

We have always paid GE and TA taxes, along with state income taxes on our vacation rental income and now we are going to be penalized for doing so and put on lists! I guess all of the people we know who have not been paying these taxes are really the smart ones who are going to be rewarded for doing so.

I urge you to vote against SB2999 and instead work with all companies listing transient accommodations (not just Airbnb) to collect all taxes and put some of that money toward affordable housing.

Mahalo for you time.

**SB-2999**

Submitted on: 1/29/2018 10:22:40 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Senate Economic Development, Tourism, and Technology Committee And

Senate Ways and Means Committee

OPPOSE

for

SB2999 RELATING TO TAXES

Testimony of Drew Erickson

Aloha Chairs Sen. Wakai, Sen. Dela Cruz and members of the committees:

My name is Drew Erickson and I am testifying in opposition of SB2999. For the past several years, I am a service provider and handyman for a vacation rental unit. Doing so provides me and my family with extra income that I use to make ends meet. It helps to pay for my mortgage and other bills and allows me to stay employed in the islands.

Hawaii is a difficult place to make ends meet, and providing service to vacation rental homes significantly helps me and my family survive.

I urge you to oppose SB 2999. While I support the intent of the bill and the state receiving it's due taxes, it also imposes unfair enforcement of outdated laws. Thank you for the opportunity to testify.

Drew Erickson

**SB-2999**

Submitted on: 1/29/2018 10:23:43 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Dear Chairs Tokuda and Dela Cruz and all members of the Ways & Means Committee,

My name is Kent Cole and I live in district 43 and support the idea of short term home sharing for home owners who reside on island. The measure I am opposing is SB 2999 and urge you to oppose. We as a community ask for you to create an environment for increased compromise and come to a solution that is fair to those who already reside on island and are contributing to the economy. We hope for a solution that is fair and protects the neighborhood while allowing this form of commerce in a united way.

Please oppose SB 2999 when it comes up in committee.

Thank you for your time.

Sincerely, Kent Cole

**SB-2999**

Submitted on: 1/29/2018 10:44:29 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Seleena M. Harkness-Lee		Oppose	No

Comments:

Please oppose SB2999. Many of us need home sharing to make ends meet.

**SB-2999**

Submitted on: 1/29/2018 11:19:27 PM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

To Ways and Means Committee,

I oppose SB2999. 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

**SB-2999**

Submitted on: 1/30/2018 7:41:01 AM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

**SB-2999**

Submitted on: 1/30/2018 9:23:23 AM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

Good morning Senators Dela Cruz & Senator Keith-Agaran,

Thank you for letting me share testimony re: SB2999. I write in opposition to this bill. A quick background on myself. I am a 3rd generation native Hawaiian and Kailua resident. While I see the terms of this bill a good attempt to bringing process current to balance issues of us as residence with the evolution of our tourism economy, I found the details a bit off base.

I support the intent to collect taxes but the provisions in this bill appear to want to enforce outdated laws and thus the County should bring regulations current first e.g. signups, permit issuance, and regulatory activities in concert with the local business community.

The disclosure of information should be limited to figures calculating taxation and nothng more.

Ultimately cohesive regulatory management WITH local business and bringing laws to address current demands of our most important segment of the economy (tourism) will show the rest of the world that Hawaii are innovators and thought-leaders in the Tourism Industry while creating benefits for our local communities.

Mahalo for your time,

Blaine Kaho'onei

Kailua resident, Technologist & Entrepreneur



**SB-2999**

Submitted on: 1/30/2018 8:50:24 AM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

My name is Jane McCloughlin, and I am very fortunate to live with my husband in the Kailua

Kona area of the Big Island of Hawaii. We are both retired and moved here in May of 2015, in

September of that same year I was diagnosed with Stage IV Inflammatory Breast Cancer. We are

lucky enough to have insurance coverage, but as I am sure you can imagine I still have copays,

and as everyone knows the cost of insurance coverage keeps rising. I tell you this only to

demonstrate how opening our home to Airbnb guests has allowed us to continue to stay in our

home, and help with the cost of my treatments.

We did not and do not wish to be landlords, we had intended the extra room & bathroom in our

home to be used by our families and friends when they visit, as indeed they do.

By making our space available via Airbnb, we can block off time for family and friends while

also making the room available to Airbnb guests. It has been our pleasure to meet people from all

over the world, **many of whom have told us that visiting Hawaii is a once in a lifetime**

**experience, that they could not have afforded or considered without using Airbnb.**

**We pay all required taxes, we have strict rules...**no drugs, no parties, no loud noises, etc., we

provide a parking spot in our carport, no-one ever parks on the street. We have even made our

own "tour-book" that informs guests about things such as: restaurants, shopping, art, beaches,

tours, basically everything to do on the Big Island, we even included some Hawaiian history and

interesting facts about Hawaii.

Our guests spend money while they are here, they shop, eat out in restaurants both in town and at

the resorts, they pay for tours, they buy art from local artists, they buy food at local markets, etc.

Their money is going directly to local businesses.

I understand that some areas have issues with short-term "illegal" rentals and I completely agree

that the owners of all short-term rentals should: pay taxes, live on the property, provide parking

spaces, keep their property drug free, etc.

I am asking that you to create fair laws to protect our neighborhoods, while allowing

homeowners to share their homes. I hope that you recognize that we homeowners who are able

to share our homes are adding helping generate more than \$5 billion in economic impact and are

responsible for more than 30,000 jobs as well as creating extra revenue that allows us to off-set

the extremely high cost of living here in the islands and help with health-care costs.

To this end I ask that you please oppose SB 2999 when it comes up for your vote.

Mahalo

**SB-2999**

Submitted on: 1/30/2018 8:56:43 AM

Testimony for WAM on 1/31/2018 9:30:00 AM

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

Comments:

This whole comment submission process has been absolutely atrocious. I would like to express my vehement opposition to SB2999.

**SB-2999**

Submitted on: 1/30/2018 8:58:09 AM

Testimony for WAM on 1/31/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Brian Benjamin	Self	Oppose	No

Comments:

Testimony - OPPOSED TO SB 2999 1-29-18

To:

The Ways & Means Committee

Chairs Tokuda and Dela Cruz

All members of the Committee

From:

Brian Benjamin, Kalua Kona

I am a 70 year old retired worker. My wife and I realized a dream and moved to Kailua Kona three years ago.

I am writing in support of home sharing because:

- It allows us to generate extra income needed to deal with Hawaii's high cost of living
- Without that income, we would literally loose our home and have to leave Hawaii
- In the spirit of Aloha, we have welcomed over 90 guests to share our home during their short dream vacations to Hawaii and the Big Island.
- A large number of our guests told us that they would have never been able to afford such vacations if they had to stay in traditional hotels.
- We believe that enabling our guests to take such vacations:

1. Supports the state as we faithfully pay our GET & TAT taxes
2. Supports the local economy
3. Supports jobs related to businesses that survive outside the big resorts & cruise ship companies

WE SINCERELY REQUEST THAT YOU OPPOSE SB 2999.

I respectfully thank the Chair and the Committee for their time.

Mahalo,

Brian Benjamin

## Sydney Hart

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**From:** Alana D'Andrea <adandrea@hawaii.edu>  
**Sent:** Monday, January 29, 2018 3:25 PM  
**To:** WAM Testimony  
**Subject:** SB2999 Support

Aloha,

I am writing in today in strong support of SB2999; no taxation without requiring data transparency, permit listing and delisting of illegal action rentals. We need accountability and enforcement on these illegal action rentals. We have a housing crisis here in Hawaii and people need to be paying their dues if they have or are running illegal rentals. Please pass SB2999 and start regulating these illegal rentals and start focusing and using these taxes to help the true working locals of Hawaii.

Mahalo Nui Loa,  
Alana Maloha D'Andrea  
28 Laupapa place  
Haiku, HI 96708  
8082699347

**From:** [Kawailani Kimoeko](#)  
**To:** [WAM Testimony](#)  
**Subject:** Testimony  
**Date:** Monday, January 29, 2018 3:28:42 PM

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This is my testimony in strong support of SB2999! No taxation without requiring data transparency, permit listing , and delisting of illegal vacation rentals! PASS SB2999!  
#aoleairbnb



**From:** [Deenie Musick](#)  
**To:** [+sendelacruz@capitol.hawaii.gov](mailto:+sendelacruz@capitol.hawaii.gov); [+senwakai@capitol.hawaii.gov](mailto:+senwakai@capitol.hawaii.gov)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 9:37:53 PM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns.

The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/>

Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha, Normadeene K. Musick

**From:** [Ainslie Ports](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 9:38:25 PM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([http://www.hawaii tourism authority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaii tourism authority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

Ainslie Ports  
Beautiful Beach Weddings Hawaii  
Marriage officiant  
Ph: +1 808 679-6182  
E: [ainslieports@outlook.com](mailto:ainslieports@outlook.com)  
PO Box 780  
Honolulu HI  
96808 USA



**From:** [Weon Yuan](#)  
**To:** [+sendelacruz@capitol.hawaii.gov](mailto:+sendelacruz@capitol.hawaii.gov); [+senwakai@capitol.hawaii.gov](mailto:+senwakai@capitol.hawaii.gov)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 9:39:58 PM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns.

The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/>

Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor. There are already enough complications with the current regulations, and this bill (SB2999) you are proposing certainly does not help nor benefit for the greater good.

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

Aloha,  
Weon

**From:** [Jason Woll](#)  
**To:** [+sendelacruz@capitol.hawaii.gov](mailto:+sendelacruz@capitol.hawaii.gov); [+senwakai@capitol.hawaii.gov](mailto:+senwakai@capitol.hawaii.gov); [WAM Testimony](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 9:43:14 PM

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Dear Senators on WAM Committee, I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work. I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu. The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns. This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns. The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/> Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor. I hope you will consider my testimony when you consider this bill. Aloha,

**From:** [mikeheh100](#)  
**To:** [WAM Testimony](#)  
**Subject:** Oppose SB299  
**Date:** Monday, January 29, 2018 9:45:57 PM

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Dear Ways and Means members!

We oppose this very flawed Senate bill. Let the County's work through what they've started in this area.

Sincerely, Mike Heh

Sent from my T-Mobile 4G LTE Device

**From:** [mikeheh100](#)  
**To:** [WAM Testimony; Sen. Donovan Dela Cruz; Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 9:47:19 PM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns.

The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/>

Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

Michael Heh

Sent from my T-Mobile 4G LTE Device

**From:** [Esther Cinco](#)  
**To:** [+sendelacruz@capitol.hawaii.gov](mailto:+sendelacruz@capitol.hawaii.gov); [+senwakai@capitol.hawaii.gov](mailto:+senwakai@capitol.hawaii.gov)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 9:48:42 PM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boom must be balanced with the needs of neighborhoods and local housing concerns.

This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns.

The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/>

Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,  
Esther Cinco



**From:** [Walter Wright](#)  
**To:** [WAM Testimony](#)  
**Subject:** Tax bill vacation rentals  
**Date:** Monday, January 29, 2018 9:46:58 PM

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Gentlemen and ladies your proposed tax rat reporting system is premature and overreaching. No one expects the state government to become an agent of County planning Department and zoning officials and disclose to them the tax returns of individual property owners. Defected everyone seems to be rushing head over heels to get into this activity suggests the power of various special interests is being brought to bear on individual members of the legislature.

There is no rush for such drastic legislation. Orderly discussion at the county level regarding the land use issues would be tossed out the window if the state tries to become a policeman in somebody else's sheriffs office. Thanks for your consideration.

Aloha,

Walter Wright  
Kaneohe hi 96744

Sent from my iPhone

**From:** [Debbie Lui-Anderson](#)  
**To:** [WAM Testimony: Sen. Donovan Dela Cruz; Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 10:04:38 PM

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Dear Senators on WAM Committee, I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work. I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu. The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns. This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns. The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/> Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor. I hope you will consider my testimony when you consider this bill. Aloha,

***Deborah Lui-Anderson***

**From:** [db](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 10:24:00 PM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

DeWayne A Berg

**From:** [skysurfer314@gmail.com](mailto:skysurfer314@gmail.com)  
**To:** [WAM Testimony: Sen. Donovan Dela Cruz; Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 10:30:58 PM

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Dear Senators on WAM Committee,

My name is Christopher reed and I have owned property in Oahu for 3 years.

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu. I believe most people pay their taxes to the city because they want to do the right thing.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

Sent from my iPhone

**From:** [Jim Kohara](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 10:45:30 PM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns.

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<http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/>

Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

Jim Kohara

**From:** [Jeffrey Cochrane](#)  
**To:** [WAM Testimony: Sen. Donovan Dela Cruz; Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Monday, January 29, 2018 10:52:27 PM

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Dear Senators on WAM Committee, I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work. I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu. The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([http://www.hawaiiourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiiourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns. This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns. The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/> Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor. I hope you will consider my testimony when you consider this bill. Aloha,

Jeffrey Cochrane, Realtor, CRS, GRI  
J. H. Cochrane and Associates  
2452 Tusitala Street #810  
Honolulu, HI 96815  
808-922-8811, 808-226-8811 (cel)  
[www.jeffcochrane.com](http://www.jeffcochrane.com) (web site)  
[jchawaii@aol.com](mailto:jchawaii@aol.com) (e-mail)

**From:** [Fabienne Melchior](#)  
**To:** [WAM Testimony](#)  
**Subject:** SB 2999  
**Date:** Monday, January 29, 2018 10:52:34 PM

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Chairs Tokuda and Dela Cruz, and all members of the Ways & Means Committee

I am testifying about SB 2999 and am opposed to this measure. For the past three and a half year I have owned a house in which I live full time in the Kalama track of Kailua. I am retired and have no intention of leaving my home before age requires me to do so. I am 67 years old.

As you well know, living in Hawaii is very expensive but I have not desire of going to the Mainland...ever. My pension is not enough for me to live on and I depend on my upstairs vacation rental to be able to live in Hawaii. I live downstairs.

Many owners are mainland people who never come to their properties here and never pay the taxes on the revenue of their renting those houses.

I DO!

If the White House resident is not capable of having any form of compassion or desire to help people who were not born with a golden spoon in their mouth, I would at least like to be able to trust my representatives in Hawaii to protect my livelihood.

I am entrusting you to create an updated approach to home sharing and vacation laws, one that is fair, up to date, protects neighborhoods, and allows locals and the state to continue to benefit from the tourism industry.

Alternative accommodations and home sharing are essential to the state's economy and generate more than \$5 billion in economic impact and are responsible for more than 30,000 jobs.

Please oppose SB2999.

Mahalo Nui Loa, Fabienne Melchior  
185 Ulupa Street  
Kailua, HI 96734

**From:** [Tim & Rory Wolf](#)  
**To:** [WAM Testimony](#)  
**Subject:** Oppose SB2999  
**Date:** Monday, January 29, 2018 10:58:25 PM

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To Whom It May Concern,

I own a rental condo in the Waikiki area and rent it for periods of one month or more at a time. This property has been owned by my family for over 35 years and has been rented for short terms since then. We have paid property taxes, GET and TAT for years to the City and County of Honolulu.

I believe the short term rental industry in the state of Hawaii generates a lot of revenue for the County, not just from taxes paid, but the revenue generated in the local area for tourist goods and services.

The State should wait for the Counties to develop their own zoning and regulatory solutions before taking action. The individual Counties know their local area demographics and tourism activities and should develop their specific plans for the Rental Industry.

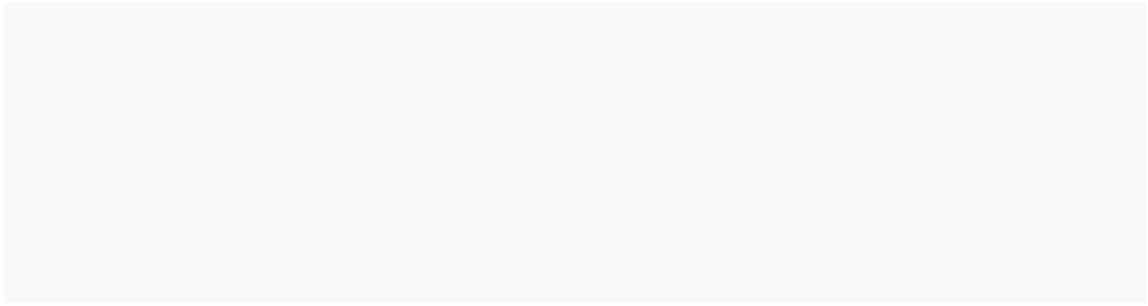
Sincerely,  
Tim Wolf



**From:** [Waikiki Condo](#)  
**To:** [WAM Testimony](#)  
**Subject:** testimony on SB2999  
**Date:** Monday, January 29, 2018 11:08:42 PM

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The State should wait for the Counties to develop their own zoning and regulatory solutions before taking action.



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Sana Okmyanskaya,  
Waikiki Beach Condo  
[RelaxInWaikiki@gmail.com](mailto:RelaxInWaikiki@gmail.com)  
**1-650-479-4808**

**From:** [BRETT FILLMORE](#)  
**To:** [WAM Testimony](#)  
**Subject:** SB 2999  
**Date:** Monday, January 29, 2018 11:53:31 PM

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The State should wait for the Counties to develop their own zoning and regulatory solutions before taking action.

**From:** [Katy Cai](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 12:27:21 AM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns.

The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/>

Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,  
KC

**From:** [Halford Souza](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 12:30:48 AM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

Halford Souza Jr

**From:** [Derek Rueb](#)  
**To:** [+sendelacruz@capitol.hawaii.gov](mailto:+sendelacruz@capitol.hawaii.gov); [+senwakai@capitol.hawaii.gov](mailto:+senwakai@capitol.hawaii.gov); [WAM Testimony](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 12:34:12 AM

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Dear Senators on WAM Committee, I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work. I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu. The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([http://www.hawaiiourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiiourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns. This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns. The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/> Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor. I hope you will consider my testimony when you consider this bill. Aloha,

**From:** [Adriel Tam](#)  
**To:** [WAM Testimony](#)  
**Subject:** Short Term Rentals  
**Date:** Tuesday, January 30, 2018 2:02:35 AM

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The State should wait for the Counties to develop their own zoning and regulatory solutions before taking action.

**From:** [Michael Brown](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 2:14:21 AM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,  
Michael R Brown



**From:** [Jeffrey Bell](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 3:03:56 AM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

**From:** [Karen](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 5:27:44 AM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

Sent from my iPhone

**From:** [Kurt Kaminaka](#)  
**To:** [WAM Testimony](#)  
**Subject:** Oppose SB2999  
**Date:** Tuesday, January 30, 2018 5:41:47 AM

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To committee Chair Cruz, Sen Wakai and whom it may concern:

Why is the Hawaii State Senate trying to insert itself into the process when several Counties are in the midst of trying to figure out local regulations on the industry?

The State should wait until the Counties are done coming up with a regulatory framework before trying to restart a debate over a voluntary "tax collection agent" provision that the Governor has made it clear he won't sign?

Kurt Kaminaka  
63 years resident of Honolulu, Hawaii.  
808 436 3544

**From:** [Kurt Kaminaka](#)  
**To:** [+sendelacruz@capitol.hawaii.gov](mailto:+sendelacruz@capitol.hawaii.gov); [+senwakai@capitol.hawaii.gov](mailto:+senwakai@capitol.hawaii.gov)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 5:42:29 AM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

**From:** [Francis Chan](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 5:42:12 AM

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Dear Senators on WAM Committee,

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

Sent from my iPad

**From:** [Ken Montgomery](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 6:00:18 AM

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Dear Senators on WAM Committee,

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

Aloha,

Ken Montgomery

**From:** [Keohen Smith](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 6:18:15 AM

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Dear Senators on WAM Committee,

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

**From:** [Cino and Priscilla Magallanes](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 6:37:54 AM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

Sent from my iPhone



**From:** [Greg & Karen Cochran](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 6:44:13 AM

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Dear Senators on WAM Committee, I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work. I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu. The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns. This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns. The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/> Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor. I hope you will consider my testimony when you consider this bill. Aloha,

**From:** [sheryl Vuillemot](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 7:06:05 AM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

Sent from my iPhone

**From:** [Jhiggins](#)  
**To:** [WAM Testimony](#)  
**Subject:** Wait  
**Date:** Tuesday, January 30, 2018 7:13:41 AM

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The State should wait for the Counties to develop their own zoning and regulatory solutions before taking action.

Aloha, Jaime  
Typos are complements of my iPhone

**From:** [Ann McGee](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 7:17:15 AM

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Dear Senators on WAM Committee,

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,

**From:** [Jan Davis](#)  
**To:** [WAM Testimony](#)  
**Subject:** SB2999  
**Date:** Tuesday, January 30, 2018 7:48:47 AM

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The State should wait for the Counties to develop their own zoning and regulatory solutions before taking any action.

It's starting to feel like a police state instead of the Paradise we propose to share with the world.

The world is ever changing and evolving. Hawaii needs to get on board.

Sent from my iPhone

**From:** [Jan Davis](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 7:50:36 AM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([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)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

This is why it is important to allow the Counties to create reasonable regulatory frameworks. Currently, both Oahu and the Big Island Councils are working on efforts to do just that. Honolulu City Council passed 4 Resolutions on the issue and the Mayor has set-up a task force to address concerns.

The Big Island is going through their own examination of the issue: <http://www.bigislandvideonews.com/2017/11/06/video-hawaii-county-talks-vacation-rental-rules/>

Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,  
Jan Davis

Sent from my iPhone

**From:** [JIM haas](#)  
**To:** [WAM Testimony](#); [Sen. Donovan Dela Cruz](#); [Sen. Glenn Wakai](#)  
**Subject:** I Oppose SB2999 - Give the Counties more time  
**Date:** Tuesday, January 30, 2018 9:00:18 AM

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Dear Senators on WAM Committee,

I oppose bill SB2999 because I think we should allow the Counties that are currently working towards creating a regulatory framework regarding vacation rentals should be allowed to finish their work.

I understand the state's desire to collect taxes due, TAT and GET, and the frustration regarding efforts to enforce, especially on Oahu.

The issues of Vacation rentals seem to have 2 different tracks: a) taxation and b) current zoning requirements. The taxes created by the \$5.1 Billion dollars of economic activity, and 30K jobs created by the industry ([http://www.hawaiiourismauthority.org/default/assets/File/JLL%20Report\\_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii\\_12-29-2016.pdf](http://www.hawaiiourismauthority.org/default/assets/File/JLL%20Report_Impact%20of%20Home%20Rental%20Market%20on%20Hawaii_12-29-2016.pdf)) could go a long way to fund schools, roads and services we all need to live here. But, this huge economic boon must be balanced with the needs of neighborhoods and local housing concerns.

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Both need more time, and I am urging you to give them this time, before moving forward with a tax plan that has twice been squashed by our current Governor.

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

Aloha,  
Martin Haas  
Pupukea