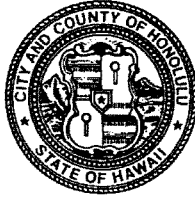


DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

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KIRK CALDWELL  
MAYOR



KATHY K. SOKUGAWA  
ACTING DIRECTOR

TIMOTHY F. T. HIU  
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI  
DEPUTY DIRECTOR

February 2, 2018

The Honorable Clarence K. Nishihara, Chair  
and Members of the Committee on Public Safety,  
Intergovernmental, and Military Affairs  
Hawaii State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Nishihara and Committee Members:

**Subject:** Senate Bill No. 3089  
Relating to Certificates of Conveyance

The Department of Planning and Permitting (DPP) **supports** Senate Bill No. 3089, which will allow counties the option to enact ordinances that require the grantor of real property to include in the certificate or certificates of conveyance a statement to disclose whether or not short-term rentals are allowed on said property. The counties shall determine the definition of "short-term rental" in its zoning or land use ordinances.

This Bill will help in our efforts to enforce and reduce the number of illegal short-term rentals on Oahu. This Bill also will make clear to potential home buyers whether they can legally use the home as an income-producing investment.

Thank you for this opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kathy K. Sokugawa".

Kathy K. Sokugawa  
Acting Director

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** CONVEYANCE, Allows Counties to Indicate Short-Term Rental Permission on Conveyance

**BILL NUMBER:** SB 3089

**INTRODUCED BY:** DELA CRUZ, Wakai

**EXECUTIVE SUMMARY:** Allows counties to enact ordinances that require the grantor of real property to include in the certificate or certificates of conveyance a statement regarding whether granted real property that is located within the county may be used for short-term rentals under the county's zoning or land use ordinances. Such a statement, however, would be better coming from the counties by way of a verification process similar to the current tax clearance process.

**SYNOPSIS:** Amends HRS section 247-6 to provide that for any document or instrument that is to be recorded, the county in which the subject real property is located may require the transferor to include a statement specifying the county's determination as to whether the real property may be used to conduct short-term rentals in accordance with the county's zoning or land use ordinances.

**EFFECTIVE DATE:** July 1, 2019.

**STAFF COMMENTS:** Apparently, this measure is trying to generate some documentary proof of whether a dwelling unit is or is not zoned to allow short-term vacation rentals. The measure as written does not seem to be a good way to accomplish this because:

1. The measure calls for self-certification by the transferor. Third parties looking at the certification might not believe it and would want a certification to come directly from the governmental authority.
2. The measure calls for the documentation to be created with a recorded document. A recorded document might be generated when the real property is bought or sold, which may be months or years before the owner decides to use it as a vacation rental. If there is a significant time lag, ordinances may change. And if the real property is not bought but is leased, there might not even be a recorded document.

A better way to accomplish the aim sought may be for the county to have a process like the tax clearance process that is now administered by the department of taxation. The State could certainly develop the skeleton of the process, such as how it now prescribes a form for a county agency to certify the existence and parameters of an affordable housing project.

Digested 1/31/2018