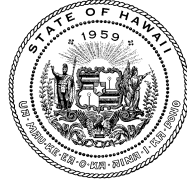


DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Jill N. Tokuda, Chair
and Members of the Senate Committee on Ways and Means

Date: Monday, February 27, 2017

Time: 9:30 A.M.

Place: Conference Room 211, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.B. 704, S.D. 1, Relating to Vacation Rentals

The Department of Taxation (Department) provides the following comments on S.B. 704, S.D. 1, for your consideration.

S.B. 704, S.D. 1, establishes an online vacation rental working group that will be administratively attached to the Department of Business, Economic Development, and Tourism. The purpose of the working group is to develop effective data collection methods that can assist state and county governments in monitoring the impact that short-term rentals have on tax collections, housing stock, and the State's brand as a vacation destination. Members of the working group include the Director of Taxation, or the Director's designee, and representatives from other State agencies, the counties, the hotel industry, the short-term rental industry, and the public. This bill takes effect on July 1, 2017, and requires the working group to submit a report to the legislature no later than 20 days prior to the start of the 2018 regular session.

The Department will be able to comply with this bill and participate in the working group.

Thank you for the opportunity to provide comments.



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
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEES ON WAYS AND MEANS

Monday, February 24, 2017
9:30 A.M.
State Capitol, Room 211

in consideration of
SB704 SD1
RELATING TO VACATION RENTALS

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee. The Department of Business, Economic Development & Tourism (DBEDT) **supports** SB704 SD1, which establishes an online vacation rental working group to develop effective data collection methods that can assist state and county governments in monitoring the impact that short-term vacation rentals have on tax collections, housing stock, and the State's brand as a vacation destination.

Currently, there are more than 40 websites that facilitate short-term rentals ranging from single rooms in private homes to entire villas. Based on tallies from the top four websites (VRBO, FlipKey, Airbnb, and ClearStay), the Hawaii Tourism Authority (HTA) reported 27,177 individually advertised units for visitor use in Hawaii in 2015, a 22.2% increase from 2014. In contrast, total visitor unit growth was only 4.6% for the same year.

There are other studies that exist in the state regarding the number of Airbnb units listed in Hawaii; for example, Ricky Cassidy reported 8,134 Airbnb units in Hawaii.

A task force could develop a standardized methodology for data collection so that all researchers could follow consistent methodology for comparison across studies.

The data would also be useful in understanding the supply and demand of individual vacation units in Hawaii.

The data would be helpful to policy- and decision-makers in identifying the role of the online vacation rental units in Hawaii's housing, tourism, and taxation.

As a concluding point, since HTA has extensive experience in collecting visitor inventory data, DBEDT recommends that HTA host the task force.

Thank you for the opportunity to provide testimony.



February 24, 2017

Testimony in support of SB704 SD1

Members of the Hawaii State Legislature:

The Kohala Coast Resort Association (KCRA) is in full support of SB704 SD1 to establish an online vacation rental working group to develop effective data collection methods that can assist state and county governments in monitoring the impact that short-term vacation rentals have on tax collections, housing stock, and the state's brand as a world class vacation destination.

KCRA is a collection of master-planned resorts and hotels situated north of the airport which represents more than 3,500 hotel accommodations and an equal number of resort residential units. This is approximately 35 percent of the accommodations available on the Island of Hawai'i. KCRA member properties annually pay more than \$20 million in TAT and \$20 million in GET.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is written in a cursive style.

Stephanie Donoho
Administrative Director

Patrick Fitzgerald, Hualalai Resort
Kelley Cosgrove, Fairmont Orchid, Hawai'i
David Givens, Hilton Waikoloa Village
Steve Yannarell, Waikoloa Beach Marriott Resort & Spa

Scott Head, Waikoloa Land Company
Robert Whitfield, Four Seasons Resort Hualalai
Rodney Ito, Mauna Lani Bay Hotel & Bungalows
Craig Anderson, Mauna Kea Beach Hotel and Hapuna
Prince Hotel



The Senate
The Twenty-Ninth Legislature
Regular Session of 2017

To: Sen. Jill Tokuda
Sen. Gilbert Keith-Agaran

Date: February 27, 2017

Time: 9:30 a.m.

Place: Conference Room 211
Hawaii State Capitol

RE: Senate Bill 704 SD1, Relating to Vacation Rentals

Chairs Tokuda and Members of the Committees:

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

RBOAA SUPPORTS SB704.

RBOAA would like to nominate a member of the working group under item **8** - *Two individuals who operate currently licensed short term vacation rentals in good standing in residential communities in the State, to be selected by the governor;*



Please contact the undersigned for a list of potential RBOAA nominees for consideration.


Thank you for the opportunity to testify on this measure.

Sincerely,

Neal Halstead
President, Rentals by Owner Awareness Association
president@rboaa.org



 | 808-733-7060
 | 808-737-4977

 | 1259 A'ala Street, Suite 300
Honolulu, HI 96817

February 27, 2017

The Honorable Jill N. Tokuda, Chair
Senate Committee on Ways and Means
State Capitol, Room 211
Honolulu, Hawaii 96813

RE: S.B. 704, S.D.1, Relating to Vacation Rentals

HEARING: Monday, February 27, 2017, at 9:30 a.m.

Aloha Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee.

I am Myoung Oh, Director of Government Affairs, submitting written comments on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 9,000 members. HAR **offers comments** on S.B. 704, S.D.1. which establishes an online vacation rental working group to develop effective data collection methods that can assist state and county governments in monitoring the impact that short-term vacation rentals have on tax collections, housing stock, and the State's brand as a vacation destination.

HAR understands the importance of ensuring that the State is able to collect the appropriate amount of taxes owed by all property owners. As REALTORS®, we often interact with property owners, potential property owners, and fellow real estate professionals on ensuring that proper disclosures are made and guidance is provided in various aspects of the real estate transaction.

Under our real estate licensing laws, HRS 467 it provides for a "custodian or caretaker" exemption where an unlicensed individual, who for a single owner, manages or cares for the single owner's property. The single owner may be an individual or an entity and the single owner must employ the custodian or caretaker.


From a landlord-tenant relationship, in HRS 521, an on-island agent is required if you rent your property and live off-island. The on-island agent doesn't have to be licensed as a real estate professional, unless he or she is involved in real estate activities like renting or offering to rent the property, or managing the property for lease.


To further complicate the process, pursuant to HRS 237D, if you're off-island, you'll also need to designate a local contact to assist with the collection of taxes for the rental property. The local contact also serves as the contact in case of an emergency or natural disaster, or to answer any questions, concerns, or property issues that arise. The on-island local


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contact doesn't have to be a licensed real estate professional, unless he/she is also involved in real estate activities, like renting or offering to rent the property.

HAR believes this is a complex issue of not only online data and tax collection but an issue that blends into real estate licensing laws and the landlord tenant code. As such, we respectfully suggest that the working group address compliance and enforcement challenges.

Mahalo for the opportunity to submit written comments.



The Twenty-Ninth Legislature
Regular Session of 2017

THE SENATE

Committee on Ways and Means

Senator Jill N. Tokuda, Chair

Senator Donovan M. Dela Cruz, Vice Chair

State Capitol, Conference Room 211

Monday, February 27, 2017; 9:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 704 SD 1
RELATING TO VACATION RENTALS**

The ILWU Local 142 supports S.B. 704 SD 1, which establishes an online vacation rental working group to develop effective data and collection methods that can assist state and county governments in monitoring the impact that short-term vacation rentals have on tax collections, housing stock, and the State's brand as a vacation destination. The bill also makes an appropriation for the working group to perform its duties.

The ILWU supports this bill because the increase in popularity of online vacation rental platforms confirms that an increasing number of visitors to Hawaii, are looking at alternative lodging, such as short-term vacation rentals. This results in online vacation rentals intruding on and even disrupting the tourism industry and Hawaii's economy. This becomes an even larger concern when noting that these other owners and operators of some short-term vacation rentals are not paying their fair share of taxes, both to the State and County governments.

In many instances, there are non-complying owners and operators, who are in direct conflict with and in violation of State and County laws and regulations. We are monitoring H.B. 1471 which includes language that begins to deal with these "illegal units" in a more effective manner. Gathering accurate data and assessing impact based on information from the industry, are important goals of S.B. 704 SD 1, and with adequate financial resources, these goals would be advanced in a meaningful way.

The ILWU urges passage of S.B. 704 SD 1. Thank you for the opportunity to share our views with you on this matter.

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 25, 2017 10:23 AM
To: WAM Testimony
Cc: arbeit@hawaiiantel.net
Subject: Submitted testimony for SB704 on Feb 27, 2017 09:30AM

SB704

Submitted on: 2/25/2017

Testimony for WAM on Feb 27, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Wendy Arbeit	Individual	Support	No

Comments: Vacation rentals reduce housing stock for our residents. Outlaw it, tax it; reduce it.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov