



Hawai'i Convention Center
1801 Kalākāua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

Statement of
JOHN DE FRIES

Hawai'i Tourism Authority
before the
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

AND

COMMITTEE ON WAYS AND MEANS

February 24, 2022
9:30 a.m.
State Capitol
via videoconference

In consideration of
SENATE BILL NO. 2419
RELATING TO TRANSIENT ACCOMMODATIONS HOSTING PLATFORMS

Aloha Chairs Baker and Dela Cruz, Vice Chairs Chang and Keith-Agaran, and members of the Committees on Commerce and Consumer Protection, and Ways and Means.

The Hawai'i Tourism Authority appreciates the opportunity to testify in **support** of SB2419, requiring each county with a population of 200,000 or less to establish a five-year pilot project to regulate the operation of hosting platforms that provide booking services for transient accommodation operators conducting business within those counties.

Our community-driven Destination Management Action Plans across Hawai'i clearly articulate a desire to manage visitor accommodations – specifically, taking steps to limit and regulate illegal short-term vacation rentals in neighborhoods and other sensitive areas in our communities. We are supportive of state and county efforts to advance that priority. We believe that this measure, through the requirement to establish a five-year pilot project to regulate the operation of hosting platforms, aligns well with our position of addressing illegal vacation rentals and the associated negative impacts this has had on our residential communities.

We appreciate this opportunity to **support** SB2419. Mahalo.

DEPARTMENT OF PLANNING

KA'ĀINA HULL, DIRECTOR

JODI A. HIGUCHI SAYEGUSA, DEPUTY DIRECTOR



DEREK S.K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

Testimony of County of Kaua'i, Department of Planning Ka'āina Hull, Director of Planning

Before the
Senate Committee on Ways and Means
Senate Committee on Commerce and Consumer Protection
February 24, 2022 at 9:30 AM
Conference Room 211 and Videoconference

In consideration of
SENATE BILL 2419
Relating to Transient Accommodations Hosting Platforms

To the Honorable Chair Dela Cruz, Vice Chair Keith-Agaran, Chair Baker, Vice Chair Chang, and members of the Committees:

The County of Kaua'i, Department of Planning has concerns with Senate Bill 2419. We appreciate the Legislature's attention to this matter. In 2018 and 2019, we specifically lobbied for state authorization to grant the counties the ability to regulate transient accommodation hosting platforms. We certainly appreciate the partnership and work at the state policy level in the past to provide the counties with additional tools to enforce against illegal transient vacation rentals (TVRs), however, at this time, we no longer believe this bill is necessary.

Currently, we have Memorandum of Understandings (MOUs) with both Airbnb, Inc. and Expedia (attached). These MOUs are a partnership and collaboration between our County and the two largest booking platforms in Hawaii's vacation rental market.

The MOUs require every TVR host advertising on these platforms to provide their specific location via their Tax Map Keys (TMKs). Any TVR operator unwilling to provide their TMK is removed from the platform, and pursuant to the MOUs, the platforms themselves have already removed several hundreds of these operators who refused to provide their TMK information. The TMK list is provided to us monthly.

Airbnb, Inc. has also gone beyond the MOUs parameters and have provided us with access to their industry compliance tool, City Portal. This tool works much like a backdoor pass to Airbnb's platform with which our TVR enforcement team can utilize to query TVR listings by TMK and directly access the TVR's advertisements and other pertinent data.

In conjunction with continued proactive world wide web monitoring by our vacation rental enforcement division, these MOUs and partnerships have resulted in virtually eliminating the illegal vacation rental industry here on Kaua'i. In 2017, Kaua'i had approximately 1,500 illegal vacation rentals. Today we have approximately less than 50.

These MOUs also reserve the right for the platforms to withdraw from the agreement should either the County or the State adopt additional legislation or policies regarding TVRs. As such, the adoption of SB 2419 could put our MOUs and private-public partnership in jeopardy.

The County of Kaua'i, Department of Planning respectfully requests that Senate Bill 2419 be held due to the risk it poses in jeopardizing a meaningful and impactful partnership that we currently have with the two primary third-party platforms in the vacation rental market.

The County of Kaua'i, Department of Planning greatly appreciates your consideration.

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Vice-Chair
Keani N.W. Rawlins-Fernandez

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Director of Council Services
Traci N. T. Fujita, Esq.

Deputy Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 22, 2022

TO: Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce and Consumer Protection

Honorable Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Alice L. Lee
Council Chair

DATE: February 22, 2022

SUBJECT: **SUPPORT OF SB 2419, RELATING TO TRANSIENT ACCOMODATIONS
HOSTING PLATFORMS**

Thank you for the opportunity to testify in **SUPPORT** of this measure. The purpose of this measure is to create a pilot project for counties with a population less than 200,000 to regulate the operation of hosting platforms that provide booking services for transient accommodation operators.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **SUPPORT** this measure for the following reasons:

1. The increased prevalence of hosting platforms that offer transient accommodation rentals has posed challenges to monitoring and regulating their operations and collecting associated tax revenue.
2. Without the ability to regulate these hosting platforms, the County does not have the adequate authority to guarantee the health and safety procedures that are required to protect consumers.
3. This measure would create a five-year pilot project that would allow the County to regulate the operation of these hosting platforms that would benefit both the County and the consumer.

For the foregoing reasons, I **SUPPORT** this measure.



Maui Hotel & Lodging
ASSOCIATION

Testimony of
Lisa H. Paulson
Executive Director
Maui Hotel & Lodging Association

Committee on Commerce and Consumer Protection
Senate Bill 2419: Relating to Transient Accommodations Hosting Platforms

February 24, 2022, 9:30 am
Conference Room 211

The Maui Hotel & Lodging Association is the legislative arm of the visitor industry for Maui County. We represent over 160 property and allied business members and over 19,000 rooms. **MHLA supports Senate Bill 2419**, which creates a five-year pilot project for counties with a population less than 200,000 to regulate the operation of hosting platforms that provide booking services for transient accommodation operators. Requires a report to the Legislature.

Maui County has seen an increase in peer-to-peer platforms that now include a wider variety of illegal transient accommodations – tents, yurts, camper vans, and RVs, in addition to homes and condos. The only way they can proliferate is through online hosting platforms. By allowing each neighbor island county to create a pilot project, SB2419 will give the counties, the platforms, and the Legislature an opportunity to explore whether this level of regulation and authority is warranted permanently.

MHLA is supportive of any effort from the state and county to advance this priority. We believe that this measure, through the requirement to establish a five-year pilot project to regulate the operation of hosting platforms, aligns well with our position of addressing illegal vacation rentals and the associated negative impacts this has had on our residential communities.

For these reasons, MHLA supports SB2419.

Thank you for the opportunity to provide this testimony.



LATE

February 24, 2022

Committee Chairs Baker and Dela Cruz
Senate Committee on Commerce and Consumer Protection
Senate Committee on Ways and Means
State Capitol
415 South Beretania Street
Honolulu, HI 96813

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

We are writing in opposition to SB2419, which would allow counties with a population of less than 200,000 to regulate the operation of hosting platforms that provide booking services for transient accommodation operators. This bill is overly broad in allowing counties to regulate platforms, and also completely unnecessary for the two counties that meet its criteria. Both Maui County and Kauai County have signed and implemented compliance agreements with Airbnb and Expedia, the two major online hosting platforms operating in Hawaii. As such, SB2419 is redundant and disregards how local level implementation works in practice.

Under these agreements, Airbnb created fields for Hosts to enter their County-issued Tax Map Key (TMK) and State-issued Transient Accommodations Tax License (TAT) on their listing. New and existing hosts listing a bed and breakfast, short-term rental home or other transient vacation rental on Airbnb are now required to provide their TMK and TAT numbers in order to continue advertising on the platform. Every month, Airbnb shares a report with the County that includes the URL for each listing and the corresponding host-provided TMK number for each active property on its platform. The County can use this monthly report to verify the TMK numbers. Hosts that fail to provide a TMK or input an invalid TMK will be removed from the platform, and only allowed to relist once they provide the information. Of note, we launched our enforcement program with Maui County just last week, taking down more than 1300 listings without TMK numbers pursuant to our agreement.

These compliance agreements provide meaningful tools to support the counties' enforcement of their short-term rental regulations, and are part of our ongoing commitment to partner with the communities our Hosts and guests call home.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Patel".

Toral Patel
Airbnb Public Policy, Hawaii