

White, George

From: Joanne Q <snow2136@gmail.com>
Sent: Monday, September 27, 2021 1:40 AM
To: White, George
Subject: Response to DPP Public Hearings Regarding Short-Term Rentals

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Dear Mr. White:

The Hawaiian tourism industry is a big part of the economy. According to the Hawaii Tourism Authority, tourism is the largest single source of private capital for Hawaii's economy. In 2019, Hawaii's tourism economy has recorded visitor spending at \$17.75 Billion dollars. O'ahu alone took in \$22.4 million dollars per day. If the Department of Planning and Permitting (DPP) proposed amendments to Chapters 8 and 21 relating to transient vacation units (TVU), bed and breakfasts (B&B) homes and hotels pass, this will greatly affect the economy negatively as well as thousands of jobs and people in general from residents to tourists. Even Oahu residents solely depend on short-term rental condos to financially support themselves. This was emphasized through public testimony at two recent DPP public hearings. After listening to hours of testimony, most of the people at the hearings were against the proposed amendments

The DPP wants to force condominium hotel units into the same tax bracket as a Hotel & Resort tax category. How can that be? Condominiums are not equal to hotels or resorts in so many ways. Condominiums are basically homes with full kitchens including full refrigerators, stoves and a kitchen sink. Hotels just consist of units with a mini-fridge sometimes with a bed and bathroom but with all the other amenities and services. Condominium short-term rentals (aka condo-hotels) do not have the extra income hotels are able to generate from hotel restaurants and bars, hotel spas, entertainment, gift shops, convention centers, ballrooms etc. Again hotels have the extra sources of income to cover the higher tax bracket, condo owners do not. Condo-hotel owners should have a separate more reasonable tax bracket close to a B&B tax bracket that has similar home settings and nothing else to offer like hotels do.

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The DPP wants to force an entire condominium building to be entirely short-term rentals, against the will of those who want to be solely homeowners or long-term rental units in the building, to look more like a hotel. Therefore, to charge condo short-term rentals at the higher Hotel & Resort tax rate who look like they are in a hotel setting but are truly not. If the entire condo building does not become short-term rentals (STR), then no one can operate STR's. This denies the freedom of many entrepreneurs and a taking of one's property. Possibly forcing many condo owners to sell their units at a major financial loss and it would give less STR choices to tourists and locals.

The DPP also does not want to allow a person or legal entity the ability to own more than one short-term rental unit. Thus, denying our right to own land and our Constitutional pursuit of happiness through entrepreneurial means. Again, it could possibly force many owners to sell their condos at a loss given the high taxes and HOA fees.

The Oahu DPP wants to charge those who could have short-term rental status an outrageous \$5000 initial application fee and \$2500 renewal fees annually. That is crazy when Kauai DPP does not charge short-term rentals at all in their Visitor Destination Area with only a \$750 renewal fees for those outside the VDA. Maui DPP application fee is much less at \$857 than Oahu DPP proposes. Maui even has a sliding scale for additional approved years from \$250 to \$500 with renewal application fees for \$700. Such disparity!

The DPP claims they want these high application fees and renewal fees along with the General Excise taxes and Transient Accommodation taxes to help fund an enforcement arm for short-term rentals. We absolutely do not agree to the proposed high application fees, high renewal fees and proposed high "hotel" tax category but the DPP wants to collect all this money to fund an enforcement arm that they have no plans in how to form or know how to execute the enforcement upon short-term rentals when they don't have any rules in place to enforce. The DPP's primary proposals for short-term rentals are to only have short-term rentals in certain areas and make sure they are paying all their high fees and taxes with proper registration. Many short-term rental condo-owners have been compliant for many years paying their GE and TA taxes as the State of Hawaii gladly received the taxes allowing short-term rentals to operate in quiet agreement to their existence

for many years as-is. We were never contacted by the local government or DPP that we were operating our short-term rental in violation. Never were we asked if we had a non-conforming use certificate as they collected GE and TA taxes for many years.

The DPP should allow compliant short-term rental condo owners, who have been paying their fees and taxes for years and can provide at least 5 years of tax returns for documented proof, to immediately resume STR operation with or without a non-conforming certificate. Allow STR condo owners to own more than one unit to operate responsibly. Allow condo owners to transfer the STR capability to new owners at time of purchase with proper registration. Restrict or deny those who have no proof of compliance for many years and make them file an application for registration at a reasonable cost like Kauai or Maui DPP does. Other compliant STR's in the Oahu "Apartment Precinct" or resort zones should register with no fee like Kauai's VDA. This ordinance is ultimately supposed to be for compliance enforcement and not punishment to benefit the hotels.

DPP should allow short-term rentals under the expanded proposed resort areas but restrict any new short-term rentals in the residential areas. If those under the resort or residential areas are not compliant then possibly fine the owners on a sliding scale from not paying fees to noise complaints. If the owners accumulate so many fines, then revoke their short-term rentals with a chance to make amends. This is similar to business license restrictions to operate with possible punishment if the business is not compliant. This way the DPP enforcement arm would know what to fine or investigate such as noise complaints and then take appropriate action.

All we see is that Oahu DPP wants to charge high application fees and taxes, restrict multiple ownership of STR's mostly by individuals or entities and where they can operate. It seems hotels wait silently to accept the fall out of DPP trying to cap the STR's and drive more tourists and short-term rental seekers towards hotel operators. STR's can peacefully coexist with long term rentals and residents in residential areas. Once the DPP clears the non-paying STR's for not paying GE and TA taxes for years, there could be an increase in long-term rentals but that is no guarantee.

With the pandemic, there has been an increased interest by tourists and locals to stay in short-term rental condominiums with full kitchen homes to keep social distance, ability to cook their own meals for health and safety, and being economical. Why lessen the choices of short-term rentals for tourists and locals by trying to force short-term rental owners out of the market by putting egregious restrictions? Short-term rentals are a big part of the accommodations in the Oahu tourism industry that attracts residents from around the state of Hawaii and tourists from around the world to stay and visit. Short-term rentals welcome visitors who spend and drive the Oahu economy. DPP proposed egregious restrictions and high taxes will negatively affect STR compliant condo owners and the economy while only benefiting some residents and hotels.

Thank you for your time and attention,
Joanne Moy
773-550-2029

White, George

From: Arjuna Heim <heimarjuna@gmail.com>
Sent: Monday, September 27, 2021 9:17 AM
To: White, George
Subject: Testimony for RPT Commission (9/27)

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Aloha George,
I wanted to know where I could find a copy of bills 20 and 31 being heard today?

My testimony in support of bill 20(2021) & 31(2021):

I am in full support of bill 20 and 31 to increase the tax rate on investment properties

White, George

From: Sally Meditz <dmeditz@hawaii.rr.com>
Sent: Wednesday, September 22, 2021 11:09 AM
To: White, George
Subject: RP TAX

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Regarding the meeting on 9/27 for property tax discussions. The tax credit for owner-occupied, low income families that own no other property should be such to leave the tax at 3% of all their income. Now, they charge the 3% plus tax on the increase of assessed value as the credit is figured on the prior year. Now, with property going much over the actual value to buyers with so much money, I fear for us low-income seniors. Many of our homes are in trusts and can't be sold or borrowed on; we have no way to get extra income, so the solution is to just let us pay the 3% each year. Raise the % if you must, but don't base our obligation on those around us with plenty cash! Sincerely, Sally Meditz, Kailua Senior