

Bill 4 (2022)  
Testimony

MISC. COM. 34

BUD

Schuyler E. & Marilyn J. Cole  
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59-229C Ke Nui Road, Haleiwa HI 96712

February 5, 2022

Subject: Opposition to classifying licensed TVUs in the Resort Tax Classification

Refer to: Honolulu City Council Bill #4 top of Page 10 Section (h) (1)

Dear Chair Say, Vice Chair Cordero, and members of the Budget committee.

My name is Schuyler Lucky Cole; my wife, Marilyn, and I have lived on the North Shore since 1968, and I am testifying today in opposition of item 3 Bill 4 section (h) (1). We strongly oppose this part of bill 4; our four licensed homes (TVUs 2, 3, 4 & 5) have been in transient vacation rental use since 1986 and in the Residential A tax Classification since 2014. These homes are in a residential zone with none of the use benefits of Resort zoning, c. g. restaurant, retail and with none of the building benefits c. g. high rise.

**I suggest an amendment to this bill changing the Bed and Breakfast use classification to a Transient Use classification and then assigning new and existing TVUs as well as B&Bs to this classification. Or, as an alternative, creating two classifications one for B&B and a second for TVUs. These are fair and, in my opinion, legal, definitions of a property tax classification based on use while remaining in a residential zone. Property tax classifications should be based on use and/or zoning, not to achieve policy goals.**

Hopefully the administration and the City Council are aware of our lawsuit challenging the Residential A tax classification which still awaits a ruling by the Tax Appeal Court. **This challenge was primarily on the simple premise that Residential A is a tax classification based solely on the assessed value of the property, not on its use or its zoning.** Every year this is proven with hundreds, if not thousands, of properties going from Residential to Residential A when their Assessed Value goes at or above \$1,000,000. These properties remained in the same use and zoning as the prior year. A few have appealed and gone the other way. I believe we will prevail if I live long enough to see it decided in the courts.

TVUs are an apple, B&Bs are a pear, similar but different. The Hilton Hawaiian Village and the Turtle Bay Resort are very large watermelons and quite different from a TVU or a B&B. I urge the City Council to take a rational approach to property tax classification based on use and zoning. **Policy can be implemented through the rate structure while maintaining revenue neutrality.**

Mahalo for considering our testimony,



Schuyler E. Cole

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**From:** CLK Council Info  
**Sent:** Saturday, February 5, 2022 7:07 PM  
**Subject:** Budget Testimony

## Written Testimony

Name Jason VanB  
Phone  
Email jasonvanb@Gmail.com  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item 3. BILL 4 (2022)  
Your position on the matter Oppose  
Representing Self  
Organization

### Written Testimony

I Highly oppose this bill. This UNFAIR proposed Bill will hugely effect many families who are already struggling to make ends meat on the island. Especially in this current covid economy. To me this unfair Proposal is a tricky snowball effect! If this bill is granted, It will probably force people who do want to comply with the Bill into other Laws / Rules that the Massively / Large Resorts have to follow. Hence costing the Families even more of their HARD EARNED MONEY.

### Testimony Attachment

Accept Terms and Agreement 1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Saturday, February 5, 2022 3:20 PM  
**Subject:** Budget Testimony

## Written Testimony

Name Richard Kemmer  
Phone  
Email richardkemmer24@gmail.com  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item Bill 4  
Your position on the matter Oppose  
Representing Self  
Organization  
Written Testimony  
Testimony Attachment  
Accept Terms and Agreement 1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Saturday, February 5, 2022 12:57 PM  
**Subject:** Budget Testimony

## Written Testimony

Name SharLyn Foo  
Phone  
Email bpacker@maui.net  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item bill 4  
Your position on the matter Oppose  
Representing Self  
Organization

Aloha, My name is SharLyn Foo owner of a family business that has been operating legal vacation rentals for over 30 years.  
We are one of the original NUC holders.  
There are only 115 NUC holders zoned residential on Oahu.  
There are only 43 legal BBs on Oahu.

I oppose Bill 4 for the following reasons  
Our properties are residentially zoned.  
In 2019 the tax commission stated that we are not hotels and have no hotel rights.  
Honolulu city statues state we are to be taxed by our underlying zoning.

Written Testimony The definition of highest and best use-  
The reasonably probable and legal use of vacant land or improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value.

It is not physically possible or appropriately supported .I cannot add on or expand on my residential house. I may not add restaurants or shops.

It is not financially feasible to quadruple my taxes. To over \$90,000 a year. I would be out of business.

It will take value away. Because new legislation does not allow certificates to be passed thru to new owners.

This would all be taxation without representation.

The reasonable and logical solution would be to grandfather the 750 or so legal folks on all fronts.

As you well know “ the taking” would open the city to lawsuits.

Mahalo for your time.

Testimony

Attachment

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**From:** CLK Council Info  
**Sent:** Saturday, February 5, 2022 10:50 AM  
**Subject:** Budget Testimony

## Written Testimony

Name Paul E. Nachtigall  
Phone  
Email nachtiga@hawaii.edu02  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item Bill 04  
Your position on the matter Oppose  
Representing Self  
Organization

Bills 41 and its accompanying Bill 4, and recent tax increases along with taxes already imposed will have the following immediate direct impacts on short term rental owners of condominium properties.

4.5 % General Excise Tax  
10.5% State Transient Accommodations Tax  
3% City and County O Transient Accommodations Tax  
\$13.9 per assessed \$1000 assessed value  
Cost of One Million Dollars of Commercial Insurance  
Cost of Meeting Regulatory Burdens (Fire alarms, Reporting to DPP of all guest names etc)

Written  
Testimony

If one simply takes an example of a condominium assessed at 900,000 in a resort area being rented short term rented with a 50% occupancy rate at 300 dollars per night.  
Taxes would be:

Property taxes – \$ 12,510  
Annual NUC License Fees - \$2000  
State GET- 4.5% plus  
State TAT – 10.5%  
City and County TAT 3%

That is \$14,510 annually in property taxes and registration fees  
(monthly 14,510/12= \$1209 ) plus 18% in assessments on income.

Suppose one rented a place out for 300 dollars a night and filled it 15 nights per month the income would be \$4500. Taxes GET and TAT on income would be  $\$4500 \times 18\% = 810$

The Government would be taking \$1209 plus \$810 or \$2029 (45%) of the GROSS \$4500 MONTHLY INCOME before any expenses like \$1000 HOA, 25% Management fees, or any mortgage the owner might have. The budgetary impact of this bill on the individual property owner is excessive!

These excessive taxes and fees will cause the homeowners to do one of two things: (1) Quit renting short term or (2) raise prices dramatically. Either of these two options will have an effect on the short term rental market.

Families traveling these days look for options with multiple bedrooms. They are no longer willing to cram into a small expensive hotel room and they seek short term rentals. It is not just Hawaii, this trend is world-wide. If there are fewer short term rentals in the legal resort environment and the prices in legal short term rentals in resort areas become overpriced the guests will seek ILLEGAL short term rentals.

The Stated purpose of Bills 41 and 4 is to stop illegal short term rentals but the economic pressures created by raising prices caused by Bills 41 and 4 may well serve to produce the opposite effect. Bills 41 and 4 may well cause an increase in illegal short term rentals due to economic forces.

Testimony  
Attachment

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**From:** CLK Council Info  
**Sent:** Sunday, February 6, 2022 1:56 PM  
**Subject:** Budget Testimony

## Written Testimony

Name	Kathleen Ochsenbein
Phone	
Email	crjjsp@comcast.net
Meeting Date	02-09-2022
Council/PH Committee	Budget
Agenda Item	Bill 4
Your position on the matter	Oppose
Representing Organization	Self
Written Testimony	Please stop taxing the little guy. We are not hotels. We don't charge the big dollars nor to we have the amenities of the hotels. This is not right.
Testimony Attachment	
Accept Terms and Agreement	1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Sunday, February 6, 2022 1:36 PM  
**Subject:** Budget Testimony

# Written Testimony

Name	Walter Weiss
Phone	
Email	waltweiss@comcast.net
Meeting Date	02-08-2022
Council/PH Committee	Budget
Agenda Item	3.BILL4(2022)
Your position on the matter	Oppose
Representing Organization	Self
Written Testimony	I presently rent my home (condo at Turtle Bay) to short term renters through AirBNB while my wife and I visit on the mainland. I do not think it is fair to increase our taxes to resort rates when we only rent our home for less than 90 days the entire year. Hawaii resident, Walt Weiss
Testimony Attachment	
Accept Terms and Agreement	1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Sunday, February 6, 2022 4:02 AM  
**Subject:** Council Testimony

## Written Testimony

Name Mike Jackson  
Phone  
Email mikejacksonatlarge@gmail.com  
Meeting Date 02-09-2022  
Council/PH Committee Council  
Agenda Item Budget "3. BILL 4 (2022)"  
Your position on the matter Oppose  
Representing Self  
Organization

Written  
Testimony

\*Hotels and VRs are not the same and not equal. During the pandemic, Hotels continued to operate, while VRs were closed for 8 months.

\*Hotels were allowed to operate as quarantine locations, VRs were not.

\* Hotel properties have much greater opportunity for additional revenue through restaurants, gift shops, retail stores, office space, etc.

\* Hotels are large corporate entities, VR owners are mostly small family businesses, mom n pop, etc.

Most of the hotel profits end up on the Mainland or elsewhere outside Hawaii. VR profits mostly stay in Hawaii.

\*For every hotel charging \$500 per room and UP, there are many VRs charging less than \$300 per night.

\* Many of today's visitors want an alternative to hotel accommodations. If you price VR owners out of business, due to unfair, increased costs, it will hurt Oahu as a visitor destination.

\* Forcing VRs out of business will result in lost jobs, and a huge loss of GE, TA, and OTAT revenue as well the visitor spending for those who will go where they have a greater choice in accommodations.

\* Oahu needs to promote and assist local businesses by decreasing operating costs, decreasing the cost of living here, etc. not treating businesses unfairly.

Testimony  
Attachment

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**From:** CLK Council Info  
**Sent:** Monday, February 7, 2022 6:24 AM  
**Subject:** Council Testimony

## Written Testimony

Name Paul j Keizer  
Phone  
Email looking4bulls@gmail.com  
Meeting Date 02-08-2022  
Council/PH Council  
Committee  
Agenda Item 3.BILL 4 (2022)  
Your position on the matter Oppose  
Representing Self  
Organization

### Written Testimony

We inherited a condo from my mother on the North Shore and we have rented it out for 17 years, during that time we have made just enough to pay expenses. My family uses our condo to visit the island and enjoy themselves without having to pay the exorbitant prices charged at nearby resorts. This proposed bill will make it very difficult for my family to continue enjoying our mother's condo, do to of the prohibitive property taxes that will be levied against us.

### Testimony Attachment

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**From:** CLK Council Info  
**Sent:** Monday, February 7, 2022 6:33 AM  
**Subject:** Council Testimony

## Written Testimony

Name Cari Keizer  
Phone  
Email paulncari@ca.rr.com  
Meeting Date 02-07-2022  
Council/PH Committee Council  
Agenda Item 3.Bill 4 2022  
Your position on the matter Oppose  
Representing Self  
Organization

Written Testimony Please don't punish the owners that are following the rules and paying our taxes properly. I have no problem going after illegal property rentals. To raise our taxes to an amount that makes it impossible to make ends meet because of people who refuse to follow the rules is seems quite unfair.

Testimony Attachment

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**From:** CLK Council Info  
**Sent:** Monday, February 7, 2022 9:27 AM  
**Subject:** Budget Testimony

## Written Testimony

Name Hector Trapani  
Phone  
Email hrebase-hnl@yahoo.com  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item 3. BILL 4 (2022)  
Your position on the matter Oppose  
Representing Self  
Organization

Written Testimony Aloha Honolulu City Council  
Charging the the Hotel Real Property Tax to STR is unfair not only because Hotels derive a lot of extra income from other on property sources such as restaurants, shops, room service, etc. but also because the assessed property value that the City adjudicates to Hotels is a lot lower (some times less than half) of the assessed property value for private property when compared by the square foot creating a distinct disadvantage for the STR community.

Thank you for your time

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Aloha Chair Say and Budget Committee Members,

I oppose Bill 4 in its current form because TVU's are very different than Hotels and should be taxed differently.

I'd like you to consider two major differences: Financial & Building Rights

Financial:

Hotels earn 32% of their income from sources other than room rentals. Resorts earn 49% of their income from non-room rentals. (*CBRE Hotels' Americas Research*) These revenue sources include: food and beverage, resort fees, parking fees, sundry shops, events, conferences, ballroom rentals, travel packages, etc. **This extra 30-50% of income allows hotels & resorts to pay the higher rate of property taxes.** STR's, including B & B's, do not generate any income outside of rental revenue. With an average daily net income of less than \$100/day, **property taxes under Bill 4 would take one-third of the net income of a 1 bedroom/ 1 bath condo at Kuilima.** (*taxes calculated based on \$900k value at 1.39% hotel/resort tax rate*) This Bill, along with Bill 41, would put most Owners/ Landlords out of business.

Building Rights

Hotel or Resort zoning allows for greater density and building height. Their building codes also allow various revenue-producing structures such as shops and restaurants. Residentially zoned STR's do not have the same building rights.

**Please consider referring this Bill to the Real Property Tax Commission for their review and analysis.** Please review Section 4 of the Real Property Tax Commission's report, CC-394 when this same issue came up in 2019. They acknowledged that Bill 55 (which also sought to lump TVU's with hotels/ resorts) is punitive in that these TVU's do not enjoy the same commercial benefits as hotels. They stated that the business model was entirely different.

**A potential solution would be to put all STR's together in the new B & B classification, which currently only applies to a small number of B & B NUC's.** This revised "Short Term Rental" classification would fairly tax STR's between the current residential rate and that of the hotels/ resorts.

Mahalo for your time and attention,

Jill Paulin  
Haleiwa, HI

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**From:** CLK Council Info  
**Sent:** Monday, February 7, 2022 9:51 AM  
**Subject:** Budget Testimony

## Written Testimony

Name vicky Poland  
Phone  
Email rainbowinnaiea@gmail.com  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item Bill 4  
Your position on the matter Oppose  
Representing Self  
Organization

### Written Testimony

Aloha Council Members. I am writing today in opposition to Bill 4. There are 34 Licensed NUC bed and breakfast homes on Oahu. These properties have been in operation for over 30 years. I own Rainbow Inn and have been the owner since 2018. Our small business will be heavily impacted by the passing of this bill. I feel it is unfair to make a new category for my small business when there are many other small business that work from home. Hairdressers, Massage therapists, Mechanics, Realtors, and Attorneys to name a few. Are you going to turn around and make separate categories for them too. Our home is where we live and the business part is only a small part of our home. If you must single us out at least only tax the business area at the higher rate. This bill in its current form will severely impact my ability to retire and pay my mortgage, It is unfair and unjust. Please do not pass this bill. Mahalo Vicky Poland

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**From:** CLK Council Info  
**Sent:** Monday, February 7, 2022 10:38 AM  
**Subject:** Budget Testimony

## Written Testimony

Name	Jen
Phone	
Email	quad_twitch.0q@icloud.com
Meeting Date	02-07-2022
Council/PH Committee	Budget
Agenda Item	Bill 4
Your position on the matter	Oppose
Representing	Self
Organization	
Written Testimony	
Testimony Attachment	
Accept Terms and Agreement 1	

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Monday, February 7, 2022 11:02 AM  
**Subject:** Council Testimony

## Written Testimony

Name Litan Rath  
Phone  
Email litan.rath@gmail.com  
Meeting Date 02-07-2021  
Council/PH Committee Council  
Agenda Item Bill 41 Bill No. 4  
Your position on the matter Oppose  
Representing Self  
Organization

### Written Testimony

Aloha! My family and I live here and we own a unit of Kuilima West. We appreciate this open dialogue opportunity. I am really worried about this item. We paid prime price for the unit with the "by-law" words of legal rental and certain cost. If this item pass, we will have to pull our daughter out of the school she is in or I work on 3rd job after I get off ....then who will take care of the keiki? ....this unit is family investment from TuTu, us, and etc.. This item can really hurt our families and the community. My neighbour is a Kahuku farmer, she lives at her farm and rent out her unit to cover the cost and save for her retirement. She runs a program helping local homeless people. We are local families who work hard, take care of our communities and families. We hire local people and support local schools. Please consider us and our livelihood. Mahalo!

### Testimony Attachment

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**From:** CLK Council Info  
**Sent:** Monday, February 7, 2022 2:37 PM  
**Subject:** Budget Testimony

## Written Testimony

Name Denise Boisvert  
Phone  
Email infofordenise@yahoo.com  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item Bill 4  
Your position on the matter Support  
Representing Self  
Organization

As they say, "If it walks like a duck..." TVUs and B&Bs with NUCs located in residential zones are not offering lodging to long-term residents. They offer lodging for short stays to temporary visitors to O'ahu - - just like hotels.

### Written Testimony

Those who have enjoyed their NUCs for so many years while making exceptionally good nightly rates can chalk it up to a good long run, but going forward, there is no fair justification for any legal vacation rental or B&B (NUC or not) to pay residential property taxes when they are clearly being run as a commercial business like hotels do.

The B&Bs, as long as it can be verified that the owner of the property is truly living there and is always there when a renter is, should pay an elevated rate than residential, but not as high as hotels.

The whole-home type rentals are definitely 'walking' and 'talking' like a hotel - especially those who charge a few to several hundred dollars a night - so they should have their own classification over B&Bs or be grouped with hotels.

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**From:** CLK Council Info  
**Sent:** Monday, February 7, 2022 2:12 PM  
**Subject:** Council Testimony

## Written Testimony

Name Peter Chirico  
Phone  
Email oochiepeter@gmail.com  
Meeting Date 02-19-2022  
Council/PH Committee Council  
Agenda Item Property Tax  
Your position on the matter Oppose  
Representing Self  
Organization

Written Testimony I oppose this bill as it is unreasonable and excessively burdensome to residential small business owners like ourselves. It is inappropriate to compare us to large corporations. We do not have resources to pay additional property taxes, it would make our properties more difficult to sell and thereby reducing their value. I know if no other small businesses that operate legally, pay their taxes and contribute the local economy in so many ways that is penalized for helping raise the living standards of their community in this way. I believe that this action if passed will do more harm than good to the local communities is unconstitutional .

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My name is Georgietta Chock, and I am testifying AGAINST Bill 4 in an attempt to reclassify transient vacation units as a Hotel & Resort for property tax purposes.

First the City Council, then DPP, then the Senate and House and now the Budget Committee. What department is next?

If transient units are expected to rent out their homes or rooms for a minimum of 90 days, then the hotels should be required to comply with the same number of days!

The hotels have opened pandora's door and the City and State appear to be playing ball with them, but I guarantee you all that this whole mess and stupidity will come back to bite the City and State where it will be seriously hurt; namely, right in the pocketbook with all the loss of revenue currently received from all STRs. Once loss, you will never regain it back!

It's no wonder more and more of our locals are moving away from Hawaii with the insanity and ridiculous handling of our government and now our means to survive – this all needs to stop now!

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**From:** CLK Council Info  
**Sent:** Monday, February 7, 2022 6:54 PM  
**Subject:** Council Testimony

## Written Testimony

Name Michelle Yao  
Phone  
Email yyao2008@gmail.com  
Meeting Date 02-09-2022  
Council/PH Committee Council  
Agenda Item Bill 4  
Your position on the matter Support  
Representing Self  
Organization

Written  
Testimony

I strongly support Bill 4. It has been a loophole for decades that NUCs have been paying residential property tax while running TVUs in the residential neighborhoods. Also those STRs in A1-A2 residential zones pay the low residential property taxes too. TVUs and hotels in the resort zone have been paying the hotel and resort tax rate from the beginning. This Bill will level the playing field, and also will provide funding for the City to be able to have a fully staffed enforcement team. It is about time!

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**HAWAI'I LODGING & TOURISM**  
**ASSOCIATION**

Testimony of  
Mufi Hannemann  
President & CEO  
Hawai'i Lodging & Tourism Association

Honolulu City Council  
Committee on Budget  
Bill 4 (2022)  
February 9, 2022

Chair Say and members of the Committee, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers—have long been outspoken supporters of efforts to rein in short-term rental units—especially those operating illegally in residential areas.

Two longstanding tenets of our advocacy have always focused upon tax parity and enforcement. It is our position that legally operating short-term rentals should be required to pay the same taxes and fees as any traditional, brick-and-mortar lodging operation in a resort zone. With the passage of Ordinance 19-18 and the application of Nonconforming Use Certificates (NUC), short-term rental units were allowed to continue to pay residential real property tax rates even if the property was being utilized as a short-term rental unit. Bill 4 (2022) would amend the Revised Ordinances of Honolulu to state that any properties operating as a transient accommodation must be taxed as a hotel and resort property. HLTA strongly supports this as it is another step toward tax parity for Honolulu real property owners using their property as transient accommodations.

Moreover, the shift of units currently operating under NUCs to the hotel and resort class would supply the City with increased tax assessments that members of the Council have indicated it will use to fund a new arm of the Department of Planning & Permitting that would focus its efforts on the enforcement of short-term rental ordinances. HLTA's position has always been that the major limiting factor for effective short-term rental regulation is enforcement; providing a stable and consistent funding source for DPP's enforcement arm is the first step in remedying this, and we feel strongly that Bill 4 (2022) is a good first step.

**For these reasons, HLTA supports Bill 4 (2022).**

Mahalo for the opportunity to provide this testimony.

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**From:** CLK Council Info  
**Sent:** Tuesday, February 8, 2022 11:29 AM  
**Subject:** Zoning and Planning Testimony

## Written Testimony

**Name** Harald von Sydow  
**Phone**  
**Email** nztrendshi@gmail.com  
**Meeting Date** 02-09-2022  
**Council/PH Committee** Zoning and Planning  
**Agenda Item** Bill 4  
**Your position on the matter** Oppose  
**Representing Organization** Self

**Written Testimony**

I came to Hawaii in 1977 during high-school and fell in love with the aloha spirit where the community works together, giving to each other and never requiring anything back. I am over 60 years old and have lived in Hawaii most of my life, living the ideal world of always giving to keiki's and taking care of the elders. Over 10 years ago I purchase a town house unit at Kuilima on the north shore with all my life savings and have to rent short term to pay for my son that is going to collage now. Bill 4 will impact my house budget and the ability to have my son to finish this education. Contrary to what was mentioned by one of the legislators during last meeting, I am not living over my means I drive a 2004 car and have a very low budget living standards where every dollar counts, which by the way, is the reality of living and working in Hawaii. Keeping the Aloha spirit with no greed and help the ones that work and pay taxes in Hawaii. Bill 4 will only hurt the locals, the Hotels are built as a factory to produce money to the corporations not base in Hawaii and bear the extra property taxes once they are all based on states like Florida that don't have state taxes.

**Testimony Attachment**

**Accept Terms and Agreement** 1

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**From:** CLK Council Info  
**Sent:** Tuesday, February 8, 2022 11:44 AM  
**Subject:** Zoning and Planning Testimony

## Written Testimony

Name Helena von Sydow  
Phone  
Email helenavonsydow@gmail.com  
Meeting Date 02-09-2022  
Council/PH Committee Zoning and Planning  
Agenda Item Bill 4  
Your position on the matter Oppose  
Representing Self  
Organization

Increasing property taxes for residential units used as short term rental is a disgrace from the government specially if it is to defend the wanted monopoly of hotels and none local investors in the hospitality business.

How can a bill be so discriminatory in Hawaii where the main industry comes from our visitors?

### Written Testimony

It is so obvious that the hotel industry wants to monopolize the word VACATION. The Hotels have the power to lobby and the audacity to influence our government, who in turn follows their lead, not taking in consideration the economic damage is creating on the Island. Locals that are in the vacation industry, using their own resources, generate business and keep their profits on Oahu.

I voted for our current mayor based in his campaign of diversifying the hawaii economy. Wouldn't that mean giving the locals more chance at creating jobs, sustaining their livelihoods, and paying taxes locally? Unfortunately I was naive and now I understand the diversification Mayor talked about means to sell our resources to Out of State corporations who in turn only supply our economy with low paying jobs.

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February 8, 2022

Honolulu City Council  
Budget Committee  
Honolulu Hale  
530 South King Street  
Honolulu, HI 96813

Dear Committee Chair Say and Members of the Budget Committee,

On behalf of Airbnb, mahalo for the opportunity to comment on Bill 4. For the past four years, Airbnb has worked in good faith with the City and County of Honolulu to advocate for sensible short-term rental policy that both allows our community to be compliant and supports the local tourism industry. We are strongly opposed to Bill 4, which would classify all transient vacation units (TVU) – including those with a valid nonconforming use certificate (NUC) – as “hotel/resort” for real property tax purposes. Using 2021 rates, this represents a staggering fourfold increase, from 0.35% to 1.39%, and makes hosting unviable for many operators. We are deeply concerned that this reclassification would have negative financial impacts and unintended consequences for Hosts and the local economy, and introduce problematic inconsistencies.

**Negative financial impacts and unintended consequences**

Reclassifying all TVUs as “hotel/resort” would have negative financial impacts on local residents and property owners, particularly those who host infrequently. Scores of TVU operators host occasionally or seasonally, for just a fraction of the year. Quadrupling tax rates would be detrimental to these infrequent Hosts who host to help make ends meet, and keep up with the already high cost of living on the island. Applying hotel and resort property tax rates to Hosts will not “level the playing field” between hotels and TVUs, as proponents argue. It would achieve the exact opposite, imposing a burden that will dissuade many from hosting.

**Ambiguity and inconsistencies with state law**

Unclear definitions and inconsistencies throughout Bill 4 create tremendous uncertainty, and potentially disproportionate and inequitable results.

First, the current bill draft is vague as to its application because it applies broadly to properties that are “operating” as TVUs. The term “operating” appears undefined, and it is unclear at what point it would be triggered. This vagueness leads to uncertainty and potentially inequitable

results. If Bill 4 were to pass, a Host renting their property once a year would be subject to the same property tax rate as a commercial-type operation conducting 50 one-week rentals over the course of the year. We recommend that the bill be clarified to require that “operating” as a TVU must satisfy a reasonable day per year threshold.

Second, the current definition of “transient vacation unit” is concerning. It includes any property that is “advertised” to transient occupants. Thus, even if a property were merely advertised for rental, it might fall within the TVU definition even if it was never actually rented during a given year. As an initial matter, this imposes property tax based solely on advertising, rather than on the ownership or use of property. Further, the imposition of property taxes based on contemplated property use seems inappropriate. Accordingly, we recommend that the “transient vacation unit” definition be revisited and clarified to require actual rental use.

Third, the current “transient vacation unit” definition refers to “transient occupants,” but that term is not currently defined, resulting in additional ambiguity. We recommend that the term “transient occupants” be defined.

...

We urge the Committee to wait for passage of Bill 41 before contemplating changes in real property tax policy. This would help avoid unintended consequences and potential conflicts in differing definitions for terms like TVU and transient occupancy.

Mahalo for taking our comments and concerns into consideration. As always, we welcome an opportunity for continued discussion and collaboration on fair, reasonable regulations and taxation of short-term rentals in Honolulu.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Patel'.

Toral Patel  
Airbnb Public Policy, Hawaii

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**From:** CLK Council Info  
**Sent:** Tuesday, February 8, 2022 2:04 PM  
**Subject:** Budget Testimony

## Written Testimony

Name Natalie Sutherland  
Phone  
Email ss\_builders@msn.com  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item 3. Bill 4 (2022)  
Your position on the matter Oppose  
Representing Self  
Organization

Written Testimony I am not in favor of Bill 4 passing. It is definitely unfair for others to dictate what I can and cannot do with my own property. This will impact those that we have committed to staying at my property and our livelihood. We are responsible citizens and are respectful of our surrounding neighbors. We have not had any complaints. Definitely not in favor of Bill 4.

Testimony Attachment

Accept Terms and Agreement 1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Tuesday, February 8, 2022 2:31 PM  
**Subject:** Budget Testimony

## Written Testimony

Name	Seth Sutherland
Phone	
Email	ssbuildershawaii@gmail.com
Meeting Date	02-09-2022
Council/PH Committee	Budget
Agenda Item	3. Bill 4 (2022)
Your position on the matter	Oppose
Representing Organization	Self
Written Testimony	Bill 4 is unfair and unreasonable and therefore I am NOT in favor of Bill 4 passing. Homeowners should be allowed to rent their properties and not be subject to 90 days or more and NOT be reclassified as a "Hotel and Resort" for tax purposes. This is all unfair.
Testimony Attachment	
Accept Terms and Agreement	1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Tuesday, February 8, 2022 4:41 PM  
**Subject:** Budget Testimony

## Written Testimony

Name SHYAM Gupta  
Phone  
Email shyam@cox.net  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item Bill 4  
Your position on the matter Oppose  
Representing Self  
Organization

Written Testimony This bill shall hurt Hawaii tourism economy. It will limit the number of reasonably priced room rentals in private homes and B&B. We shall not visit here if this bill is passed, as our room selection choices shall be negatively impacted.

Testimony  
Attachment  
Accept Terms and Agreement 1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Tuesday, February 8, 2022 4:40 PM  
**Subject:** Budget Testimony

## Written Testimony

Name SHYAM Gupta  
Phone  
Email shyam@cox.net  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item Bill 4  
Your position on the matter Oppose  
Representing Self  
Organization

Written Testimony This bill shall hurt Hawaii tourism economy. It will limit the number of reasonably priced room rentals in private homes and B&B. We shall not visit here if this bill is passed, as our room selection choices shall be negatively impacted.

Testimony  
Attachment

Accept Terms and Agreement 1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Tuesday, February 8, 2022 7:23 PM  
**Subject:** Budget Testimony

## Written Testimony

Name Jacqueline Eppling

Phone

Email jeteach3@aol.com

Meeting Date 02-09-2022

Council/PH  
Committee Budget

Agenda Item Bill 4

Your position on  
the matter Oppose

Representing Self  
Organization

Written  
Testimony

The huge increase in property tax will have a negative impact on my family. After the taxes and other fees and expenses, we basically barely receive 50% of the gross amount earned. The income received from this property is used to support us including the medical care and needs of my husband who is disabled in a wheelchair, has limited mobility, and has dementia.

Testimony  
Attachment

Accept Terms  
and Agreement 1

IP: 192.168.200.67



My name is Peter Nicholson. I have been a resident of Kailua for the past 32 years, and retired after being a Professor at UH for 25 years after my grown children moved out and to the Mainland. For the past 7 years I have been periodically renting a room & bathroom in my home as a Transient Accommodation to supplement my reduced income and help afford maintaining my home. I have both GE and TA licenses and have diligently paid all due taxes for the rental.

In compliance with the City & County ordinances, I had to limit rentals to a minimum of 30 days, which related to a significant reduction in rental income.

I strongly oppose the proposed Bill #4 as it unfairly discriminates those who depend on their rental income to make ends meet by legally offering rentals and paying all of the associated taxes. I believe that it is wrong to reclassify residential homeowners' properties as "hotel and resort" when they are obviously not providing hotel and resort style amenities, and are not (under the law) allowed to provide "short-term" (less than 30-day) rentals. I feel that the potentially large increases in property taxes would create a hardship for many, if not most, of the residential homeowners now operating legal Transient Accommodations.

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**From:** CLK Council Info  
**Sent:** Wednesday, February 9, 2022 8:09 AM  
**Subject:** Budget Testimony

## Written Testimony

Name	Stephen Hygard
Phone	
Email	shygard@hotmail.com
Meeting Date	02-09-2022
Council/PH Committee	Budget
Agenda Item	Bill 4 + Bill 41
Your position on the matter	Oppose
Representing	Self
Organization	
Written Testimony	We are not in favor of Bill 4. This will make it much more difficult to keep my home.
Testimony Attachment	
Accept Terms and Agreement	1

IP: 192.168.200.67

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**From:** CLK Council Info  
**Sent:** Wednesday, February 9, 2022 9:54 AM  
**Subject:** Budget Testimony

## Written Testimony

Name Shari Hodge  
Phone  
Email sharihodge@yahoo.com  
Meeting Date 02-09-2022  
Council/PH Committee Budget  
Agenda Item Bill 4  
Your position on the matter Oppose  
Representing Self  
Organization

Written Testimony To City Council Members,  
I strongly oppose Bill 4 & Bill 41!!  
My Retired elderly Father Herb Hodge and I, Shari Hodge, his daughter, are "legal" certificate NUC owners since 1980's, renting 2 small units out of our home.  
We pay GE & TA taxes monthly, honestly, an honor peace & quiet while respecting our neighbors.  
To pass these bills into law, will create a "HUGE" financial hardship without the very needed income our vacation rental generates to help pay our property taxes, home expenses, an simply to afford to live here in Hawaii.  
These bills instated, would destroy our vacation rental business as we could not afford a hotel tax that would more than triple, costing us more than we make in a year.  
It will also be a huge disappointment to our long time tenants to not have a rental they love an much prefer to stay in, than in hotels.  
In turn, it would put a down turn on our economy an small businesses in Kailua which highly depends on Vacation renters business.

Please STOP THIS!  
Sincerely ~ Shari Hodge

Testimony  
Attachment  
Accept Terms and Agreement 1