BILL004(22)
Testimony

MISC. COMM. 141

BUDGET

BUDGET Meeting

Meeting Date: Apr 20, 2022 @ 09:00 AM

Support: 3

Oppose: 14

I wish to comment: 6

Name:	Email:	Zip:
Jill Paulin	jillpaulin@gmail.com	96712
Representing:	**Position:**	**Submitted:**
Self	Oppose	Apr 18, 2022 @ 07:20 AM

Testimony:

Aloha Budget Committee Members,

I oppose Bill 4 in its current format as TVU's do not have the same building rights or ancillary income as hotels and shouldn't be taxed similarly.   The hotel/ resort tax rate would put most TVU's out of business by quadrupling their property taxes. Hotels have a totally different business model that includes income from shops, restaurants, etc. This additional income makes up 30-50% of their total income allowing them to afford the higher tax rates. Based on their underlying zoning, TVUs do not have the ability to add these ancillary income generating centers. The building codes are also very different, not allowing for the density that hotels have. Please consider a separate category or revise "B & B's" to "B & B's and TVU's".

Mahalo for your consideration,

Jill Paulin

Name:	Email:	Zip:
Vicky Poland	rainbowinnaiea@gmail.com	96701
Representing:	**Position:**	**Submitted:**
Self	Oppose	Apr 18, 2022 @ 12:06 PM

Testimony:

Aloha Chairman Say and Council Members. I am opposed to this change in property tax rates. My name is Vicky Poland and together with my husband we own Rainbow Inn Aiea 90/BB-0038. As bed and breakfast owner this increased tax burden may make it impossible for us to retire. We believe there are 34 bed and breakfasts in the NUC list from DPP and 759 TVU's. TVU's generate a higher income than bed and breakfasts and I believe some are being charged the hotel rate for property tax. Would it not make more sense to make the rate of 6.5 apply to TVU's and with respect would it be possible to consider a smaller increase if you must for the 34 bed and breakfast homes. We are in our 60's and like most of the NUC licensed properties we have been in operation for over 30 years. We feel that with the Cares act fund that DPP received, the OTAT tax already being collected, the $2B budget surplus and the potential increased fines for illegal operators proposed in bill 41, this increase just seems excessive. Please consider the local folks and do not impose further burdens on the Kapuna. With respect. Vicky Poland

Name:	Email:	Zip:
SharLyn Foo	bpacker@maui.net	96712
Representing:	**Position:**	**Submitted:**
Self	Oppose	Apr 18, 2022 @ 02:14 PM

Testimony:

Aloha, Here we go again ! There are 115 legal TVUs on residentially zoned areas on Oahu for the last 30 or more years.
We are not and can cannot be hotels or resorts. We have no rights as hotels do. We can't expand in any direction or have any other income streams like shops and restaurants.
To use the term highest and best use is erroneous and unfair.
My small family business will be put under. Is this truly what you mean to do to us?
The North Shore master plan does not allow and more vacation rentals of any kind. So it is totally pointed at my family and a few others only.
Bill 41 already more than doubles my fees.
All this will only promote more underground rentals while legal folks pay the price How does this effect them?
Please stop targeting and punishing legal people. In efforts to control illegal operators.
Mahalo

Name:	Email:	Zip:
Jim Tree	ssitree@aol.com	96707
Representing:	**Position:**	**Submitted:**
Self	I wish to comment	Apr 18, 2022 @ 02:47 PM

Testimony: Last week I listened with interest to the discussions from City Council members on Bill 41 dealing with Short-Term Rentals (STRs). There was a discussion about considering a new tax classification for TVUs. Although I am an owner of a condo hotel unit in a Resort District that will be exempt from the registration fees and restrictions on TVUs I still support this action as it is the fair and equitable thing to do. TVUs in the Resort District and adjoining A-1 and A-2 districts have been allowed to offer legal STRs. They are in an area designed to serve the visitor population with the infrastructure to do so. They helped pay for this infrastructure and they provide a very important service for the local population of Oahu, by directing the visitor population away from the Residential neighborhoods to areas developed for tourists. TVUs are small business owners that help to provide legal and needed service to Oahu's visitor population. The City found a need to have TVUs register to keep control of STRs. In doing so fees were imposed and many costly restrictions added. These same fees and restrictions do not apply to hotels, condo hotels, and time shares. Only small business TVU operators are saddled; not only with additional fees but many other costly restrictions. As a neighbor and friend to the legal TVU community I share their pain, and encourage the Budget Committee to add a TVU classification that is at the current B&B tax rate. This is the fair and equitable thing to do. Mahalo, Jim Tree

Name:	Email:	Zip:
Sean Brady	seanbrady808@yahoo.com	96734
Representing: Self	Position: Support	Submitted: Apr 18, 2022 @ 05:51 PM

Testimony:
Aloha Council Members,
I support Bill 4, to make amendments to how real property is taxed. I own a legal TVU in the resort zone of Waikiki and have always paid hotel and resort tax at a rate 400% higher than NUCs and TVUs in apartment zones. This disparity needs to be addressed as owners in the resort zones are being penalized for purchasing units where TVUs belong, and those who are operating in residential neighborhoods are being rewarded with lower tax rates. Recently the Council approved an additional 3% TAT on Oahu as well as burdensome registration fees for my TVU under bill 41. These new taxes and fees in addition to our hotel and resort property tax rate are becoming unbearable for many legal resort zone TVU owners. If these legal TVUs shut down, you will have an influx of tourists into residential zones which will defeat bill 41s purpose. Please provide Resort Zone TVU owners with some tax relief and bring us down the the current B&B property tax rate. Thank you for your consideration.

Mahalo,
Sean Brady

Name:	Email:	Zip:
Michael Brant	michaeljbrant@hotmail.com	96815
Representing: Self	Position: Oppose	Submitted: Apr 18, 2022 @ 06:03 PM

Testimony:
It is time to develop a reasonable tax rate for TVUs. The high commercial Hotel/Resort rate is unreasonable for these small properties operated by individual owners. They are not hotels or resorts! It is time to treat them fairly, as many additional burdens, financial and regulatory, will be imposed with the passage of Bill 41. Bill 41 treats TVUs the same as B&Bs in almost every way, and they should have the same tax rate. Mahalo.

Name:	Email:	Zip:
Stephanie Brooker	stephmignon@gmail.com	90293
Representing: Self	Position: Oppose	Submitted: Apr 18, 2022 @ 07:50 PM

Testimony:

City Council of Honolulu:

Please DO NOT tax 30-day rental providers and those providing accommodations for less than 6-months in the same bracket as hotel operators.

TVUs do not have the ancillary income that short-term operators enjoy including but not limited to, concessions, restaurants, gift shops, activities, and parking.

Please create a separate category for transient vacation rentals that takes this into account.

Respectfully,

Stephanie Brooker

Name: Paul Nachtigall	Email: nachtiga@hawaii.edu	Zip: 96734
Representing: Self	Position: Oppose	Submitted: Apr 19, 2022 @ 11:41 AM

Name: Michelle Yao	Email: yyao2008@gmail.com	Zip: 96821
Representing: Self	Position: I wish to comment	Submitted: Apr 19, 2022 @ 01:23 PM

Testimony:
There should be a separate TVU class for the property tax. Resort zone TVU properties have been paying the resort and hotel property taxes, and now they don't qualify for exemption from Bill 41 that was given to hotels and timeshares in the same zone. With passage of Bill 41, resort zone TVUs owners are saddled with additional fees, and additional compliance cost, while paying property taxes that are 4 times the rate the TVUs in the residential areas and NUC holders are paying.
It is about time to establish a uniform TVU property tax rate for all TVUs. This rate should be set the same as Bed&Breakfast home rate, as TVU properties share same characteristics as B&B properties with the exception of B&B requiring the owner living on-site and TVU is a whole home rental. This only difference is resolved through B&B property has the annual owner exemption amount for the property tax purpose.
I also oppose not taxing timeshares at the hotel and resort rate. Timeshares share the same characteristics as hotel and resort and they are exempt from Bill 41. But they should be required to pay hotel and resort rate. Otherwise this becomes a huge incentive for developers or hotel owners to develop timeshare units, further taking away the housing stock for the local residents.
Mahalo.

Name: Meylysa Duldulao	Email: meylysa@gmail.com	Zip: 96828
Representing: Self	Position: Support	Submitted: Apr 19, 2022 @ 02:25 PM

Testimony:
Aloha,

My name is Meylysa Duldulao and I and my husband Jomel own a TVU in the resort mixed use precinct of the Waikiki special district.

We currently pay the Hotel/Resort zone tax rate.

If Bill 41 becomes effective, then we are also going to have to apply for a Registration from the DPP in order to continue legally operating (we are legally operating under current law). This registration requires payment of $1,000 the first year, and $500 each year after, along with 4 tax clearances (not sure how much these cost) and other time consuming requirements.

Hotels and Timeshares are exempt from Bill 41.

I support a lower tax rate for TVUs to help offset the burden of the excessive registration fees and the prospect of delays in operation due to waiting for a registration to be approved by the DPP.

There should be no new tax rate for Timeshares, as they are exempt from Bill 41.

I support adopting the B&B rate as the new TVU rate.

Mahalo for your consideration,

Meylysa Duldulao

Name: Helena von Sydow	Email: helenavonsydow@gmail.com	Zip: 96825
Representing: Self	Position: Oppose	Submitted: Apr 19, 2022 @ 04:39 PM

Testimony:
Chair Calvin Say
Council Member Kia'aina

Council Member Kia'aina,

Thank you for what you have done so far for Bill 4
Please make the property taxes for short term rentals in resort areas like the Kuilima Estates at Turtle Bay, the same as those for Bed and Breakfasts. The over 18% for OTAT GET and TAT is already too much.
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, like for us at Kuilima Estates (legal vacation rentals that are on the resort grounds of the Turtle Bay Hotel) Do Not generate ANY income outside of rental revenue. To quadruple our taxes to the highest resort rate is wrong and unfair!
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.
If you place us in the Hotel category it would simply be wrong. With inflation our property values are increasing, therefore taxes are already going up. It is very hard for kupuna to make retirement work! As a resident of Honolulu I ask for your help

Thank you
Helena Von Sydow

Name: Michael Heh	Email: Mikeheh100@gmail.com	Zip: 96734
Representing: Friends of Kuilima	Position: Oppose	Submitted: Apr 19, 2022 @ 04:54 PM

Testimony:
Aloha Chair Say and Budget Committee Members,

We vehemently oppose Bill 4 in its current form because TVU's are very different than Hotels and should be taxed differently. Consider two major differences: Financial & Building Rights.

1. 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, like for us at Kuilima Estates (legal vacation rentals that are on the resort grounds of the Turtle Bay Hotel) Do Not generate ANY income outside of rental revenue. To quadruple our taxes to the highest resort rate is wrong and unfair!

2. 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 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 is 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. (We're a wonderful revenue stream for the City paying approximately 4 - 5M in GET, TAT, and the new OTAT tax and we'd like that to continue.)

Will you please apply this middle ground to us legal vacation rental owners at Kuilima Estates and make a win-win for the City and us Owners?

Michael & Maria Heh
808-382-4515

Name: Kathleen Harvey	Email: dandk1@msn.com	Zip: 97224
Representing: Self	Position: I wish to comment	Submitted: Apr 19, 2022 @ 05:45 PM

Testimony:
Dear Budget Committee:

Thank you for the opportunity to testify in writing.

I am an owner since 2005 at KoOlina Kai and have been operating a legal TVU, doing everything by the book, paying TAT/GET taxes, and always checking in with neighbors to ensure the peaceful enjoyment for all. Its been great!

My late husband (passed away at 47 when our kids were 6 and 7 years old). He grew up in Pearl City and we have tons of family on the island. I am currently unemployed as I am care taker for a family member. Imposing the proposed Inequitable Propery tax classification on current legal TVU owners in resort areas is unconscionable. It will do seriously damage to owners who live on an already tight budget made worse by rising inflation. It would be a double gut punch after also requiring resort owners to also pay unaffordable annual registrations fees per Bill 41. It feels like these measures are meant to financially crush the very people who have been doing the right thing and also own in an area designed for tourists.

TVUs in the Resort District and adjoining A-1 and A-2 districts are in an area designed to serve the visitor population with the infrastructure to do so. They helped pay for this infrastructure and they provide a very important service for the local population of Oahu, by directing the visitor population away from the Residential neighborhoods to areas developed for tourists. TVUs are small business owners that help to provide legal and needed service to Oahu's visitor population.

The City found a need to have TVUs register to keep control of STRs. In doing so, fees were imposed and many costly restrictions added. These same fees and restrictions do not apply to hotels, condo hotels, and time shares. Only small business TVU operators are saddled; not only with additional fees but many other costly restrictions.

As has been discussed by the council, I humbly ask to PLEASE consider adding a TVU classification that is at the current B&B tax rate. This is the fair and equitable thing to do.

Mahalo!

Name: Farrah Larson	Email: northshore198@gmail.com	Zip: 96731

Representing: Self	Position: I wish to comment	Submitted: Apr 19, 2022 @ 08:05 PM

Testimony:
Aloha,

We vehemently oppose Bill 4 in its current form because TVU's are very different than Hotels and should be taxed differently. Consider two major differences: Financial & Building Rights.

1. 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, like for us at Kuilima Estates (legal vacation rentals that are on the resort grounds of the Turtle Bay Hotel) Do Not generate ANY income outside of rental revenue. To quadruple our taxes to the highest resort rate is wrong and unfair!

2. 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 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 is 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. (We're a wonderful revenue stream for the City paying approximately 4 - 5M in GET, TAT, and the new OTAT tax and we'd like that to continue.)

Will you please apply this middle ground to us legal vacation rental owners at Kuilima Estates and make a win-win for the City and us Owners?

Name: Laura Isola	Email: laisola2@yahoo.com	Zip: 96717
Representing: Self	Position: Oppose	Submitted: Apr 19, 2022 @ 08:49 PM

Testimony:
Aloha!

I oppose Bill 4 as currently written because it wants to impose the highest Hotel & Resort property tax rate to TVUs that will soon be required by Bill 41 to also pay the additional $1,000 registration fee ($500/y renewal) which is extremely unfair.

Please you must understand that any property charged by the City the highest Hotel and Resort property tax rate must be clearly exempted from Bill 41 new registration fees requirement since Hotels are exempted from Bill 41! And a new property tax classification at the lower bed & breakfast rate should be created now for TVUs that don't meet the requirements of the Hotel definition and therefore cannot be forced into the Hotel & Resort property tax classification before bill 41 will be signed into law so that these TVUs that don't fit the Hotel definition will pay the new registration fees without being unfairly charged the Hotel & Resort property taxes since Hotels are exempted from Bill 41! I urge you to promptly and fairly amend bill 4 as explained here above because this is a crucial matter affecting so many in our community of local small business owners!

Mahalo for your prompt understanding!

Laura Isola

Name: Malgorzata Douglas	Email: margodoug1@gmail.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: Apr 19, 2022 @ 08:53 PM

Testimony:
Opposition to Bill 41
Not fair to property owners.

Name: Dawn Borjesson	Email: glacierscents@mac.com	Zip: 99801
Representing: Self	Position: Oppose	Submitted: Apr 20, 2022 @ 06:38 AM

Testimony:
Aloha Chair Say and Honorable Council Members,
I oppose the current property tax rate for TVUs listed within Bill No. 4. That rate doesn't reflect the actual usage of the property identified. TVUs, regardless if they are resort property or not, are not permitted to build or expand a residential property which is being used to offer housing for one group/family. At the top rate it is clear that the authors of the bill intent is to penalize an STR operator.

Once again, similar to bill 41, the hotel industry is specifically behind the effort to eliminate competition. A reasonable compromise is to set all STRs at the B & B rate. TVUs gain no advantage over B&Bs to warrant setting a higher rate. In fact B & Bs are allowed a property tax exemption, where TVUs are not.

For that reason I strongly urge you to set all STRs at the same rate, since they all use the property the same way.
Dawn

Name: Levi Brooker	Email: levibrooker@gmail.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: Apr 20, 2022 @ 07:45 AM

Testimony:
This bill is unnecessary and seems to be just another attempt by the hotel industry to eliminate competition. TVUs are not hotels, and they serve an important service on Oahu. We have legally rented our 2nd home in Ko Olina for years on a 30-day basis, as is our right in our resort zoned community. Most of our tenants are military personnel, nurses, etc that the island needs. This bill unfairly penalizes us when we have done nothing wrong, and in fact serve a vital purpose. We purposely bought in Ko Olina because we agree TVUs should not be allowed in residential neighborhoods. We do not receive ancillary income like hotels do, and already pay almost 18% in GET/TAT taxes. Please stop treating us like criminals and scapegoating TVUs for the housing crisis. This is going on in any major city in the country, and the only solution is to allow developers to build more housing.

Name: Kimo Jamila	Email: kimojamila10@gmail.com	Zip: 96731
Representing: Kuilima Estates Coalition	Position: Oppose	Submitted: Apr 20, 2022 @ 08:16 AM

Testimony:
Budget Committee Members,

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

Please support the amendment Councilmember Esther is submitting that A1 zoned property on the resort area for example Kuilima Estates are in the Turtle Bay Resort less than 3500 ft away be taxed in a classification in between Residential and Resort rates! .

We have no ability to add restaurants shops, rentals or any amenities that make up to 49% of a resort's income so it's not fair to tax us at resort rates.

Pease support Councilmember Esther's amendment to tax us at the middle!

Mahalo,
Kimo Jamila

Name:	Email:	Zip:
Barbara Fisher	bambufish@gmail.com	96731
Representing: Self	Position: Support	Submitted: Apr 20, 2022 @ 08:30 AM

Testimony:
As a long time resident/owner at Kuilima I support your efforts to regulate the recent influx of STR across the island including Kuilima. Our residential neighborhoods need to be conducive to having a safe and secure home and ability to know who is staying in the home next door without being overrun by the over commercialization of vacation rentals. We have seen our long term rents go up as well as housing costs. And for those of us that plan to stay and live in our homes that just means higher property taxes in addition to being over run by tourists. I support bill 4 as a way to generate income to regulate the industry.

Name:	Email:	Zip:
Ingrid Peterson	irpmailbiz@icloud.com	96734
Representing: Self	Position: I wish to comment	Submitted: Apr 20, 2022 @ 08:33 AM

Testimony:
Aloha, Committee Members! Please pass Bill 4 so that it provides enough property tax designated to fund effective enforcement of Bill 41 regarding short term rentals, especially regarding in residential neighborhoods.
Mahalo nui,
Ingrid Peterson resident of Kailua from 1963, with my husband a 3rd generation Kailua resident.

Name:	Email:	Zip:
Jim Tree	ssitree@aol.com	96707
Representing: Self	Position: I wish to comment	Submitted: Apr 20, 2022 @ 08:36 AM

Testimony:
I am in favor of a new real property tax classification for TVUs at the current B&B rate.

Name:	Email:	Zip:
Walter Weiss	waltweiss@comcast.net	96731
Representing: Self	Position: Oppose	Submitted: Apr 20, 2022 @ 08:48 AM

Testimony:
Budget Committee Members, We oppose Bill 4 in its current form because TVU’s are very different than Hotels and should be taxed differently. Please support the amendment Councilmember Esther is submitting that A1 zoned property on the resort area for example Kuilima Estates are in the Turtle Bay Resort less than 3500 ft away be taxed in a classification in between Residential and Resort rates! . We have no ability to add restaurants shops, rentals or any amenities that make up to 49% of a resort's income so it's not fair to tax us at resort rates. Pease support Councilmember Esther's amendment to tax us at the middle! Mahalo!
Walt Weiss
Kuilima East

I am against Bill 4 in its current form because TVU's are very different than Hotels and should be taxed differently. Consider two major differences: Financial & Building Rights.

1. 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.

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A potential solution is 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. (We're a wonderful revenue stream - over 18% now-for the Government paying approximately 4 - 5M in GET, TAT, and the new OTAT tax and we'd like that to continue.) Half of our 3% OTAT goes to the Rail. If the taxes are too high some of use retired folks may not be able to continue with this heavy tax burden!

STRs would actually be paying a higher rate than the B&Bs. Since the owner lives in the B&B they would be eligible for the owners residential deduction. STRs would not. Therefore STRs at the B&B rate would actually be paying more. SO PLEASE SET the STR rate at the B&B rate.