BILL004(22)
Testimony

MISC. COMM. 168

COUNCIL

COUNCIL Meeting

Meeting Date: May 4, 2022 @ 10:00 AM

Support: 9

Oppose: 16

I wish to comment: 4

Name: Jill Paulin	Email: jillpaulin@gmail.com	Zip: 96712
Representing: Self	Position: Oppose	Submitted: Apr 30, 2022 @ 11:29 AM

Name: vicky Poland	Email: rainbowinnaiea@gmail.com	Zip: 96701
Representing: Rainbow Inn Aiea	Position: Oppose	Submitted: May 1, 2022 @ 11:49 AM

Testimony:

Aloha Chair Waters and Council Members.

My name is Vicky Poland and along with my husband Grant we own Rainbow Inn Aiea a licensed NUC bed and breakfast. I am opposed to bill 4.

It has been reported in the news that property values on Oahu rose 21% in the last year. With that added income from regular property taxes , along with Cares Act monies, and OTAT taxes, I do not understand why you would over burden your local families and Kapuna with such a huge increase in their property taxes. Most of the 34 NUC Bed and Breakfast are run by retired or nearly retired families. Expecting them to pay 50% the taxes paid by Multi Billion dollar hotel corporations is outrageous and in some cases impossible to maintain. Please please consider a lesser increase if you must demand more funds. Similarly I also believe 75% for TVU's is also too high. Although TVU's generate much more income than bed and breakfasts it is still too much.

We do not have the resources of Hotel properties. They have bars, restaurants and convenience stores as well as a non taxed resort fee to help them fund the property taxes. We do not! We are just a Mom and Pop in our 60's hoping to fund our retirement in this challenging economy. In the place we call home.

Again please reconsider the rate of increase. Mahalo Vicky Poland Rainbow Inn Aiea.

Name: Pamela Taylor	Email: bpbazn@msn.com	Zip: 96731
Representing: Self	Position: Oppose	Submitted: May 2, 2022 @ 10:25 AM

Testimony:

My husband and I own one unit at Kuilima Estates East. We travel to the island several times a year to see our son and his family who live in Kahuku. When we are not on island, we rent our unit through Airbnb. We conform to all required city and county regulations for legal TVU's. We pay GET and TAT taxes and list our TMK on our listing. We strongly oppose Bill 4 as currently written.

We are not a hotel. We do not have shops, restaurants or activities that generate abundant piles of cash. We are asking for your consideration in applying a fair tax class for legal short term rentals.

We are asking you to consider a combined B&B/TVU classification and NOT tax us at the Resort Rate or even 3/4 rate as we are not zoned to have any of the amenities like shops, restaurants, stores that make up up to 49% of a resort's income source as shown by CBRE studies, and it's grossly unfair to us legal short-term vacation rental owners.

I appreciate your time and very thoughtful consideration regarding this matter. Bill 4, as currently written, will not protect our neighborhoods if more and more fees and taxes are heaped on the legal TVU's and there is continuing lax enforcement of Bill 89. It will not stop the travelers or force them to book expensive hotel rooms. They will simply find a way to stay in the growing number of illegal short term rentals in our neighborhoods.

Mahalo,

Pam and Bryan Taylor

Kuilima Estates East unit 108

Name: Shirley Oconnor	Email: shirleyla@me.com	Zip: 91423
Representing: Self	Position: I wish to comment	Submitted: May 2, 2022 @ 10:32 AM

Testimony:

I am begging the counselor to please not raise our legal short term rentals raise our taxes to what hotels are paying. We are not

corporations we are individuals some of us who have spent our nest egg investing in our properties to one day maybe use them for retirement. And the only way we can do that is by renting them out as we are allowed to based on our short term status. We do not have the means of hotel money behind us it is hand to mouth for all of us.
So I'm begging you we worked really hard to get our legal status and you would basically just kill us by doing this thank you for your consideration.

Name: Michelle Yao	Email: seankuhio@gmail.com	Zip: 96821
Representing: Self	Position: Support	Submitted: May 2, 2022 @ 12:07 PM

Testimony:
I strongly support Bill 4 CD1. Thank you council for making this a pressing matter. I especially want to thank Councilmember Esther Kiaaina for pushing this forward. Establishing a separate TVU property tax class is fair, reasonable and in line with the intent of Bill 41.

Name: Curtis Harada	Email: curtisharada@gmail.com	Zip: 96821
Representing: Self	Position: Support	Submitted: May 2, 2022 @ 02:45 PM

Testimony:
My name is Curtis Harada and my wife and I own 815 Queen Street in Kakaako. My wife Pauline Harada, DVM owns and operates a veterinary hospital at that location. We would fit the classic definition of a small business. We are in support of the amendment of Ordinance 16-21. However we respectfully request that the qualifying use category of Commercial kennels be expanded to Veterinary establishments and commercial kennels, provided that all operations are totally enclosed.

We understand that the Rules covering HCDA are reflected in section 15-22 of the Hawaii Code of Rules. This above revision would be consistent with Hawaii Code of Rules. Section 15-22-32, MUZ use rules part 4 (S) and Section 15-22-34, MUZ use rules part 4 (S) specify that our activity is a permitted Industrial use in a mixed-use zone with commercial emphasis or residential emphasis, respectively.

We have owned 815 Queen Street for nearly 17 years and spent 7 years to plan and build our pet hospital which has been in operation for 10 years. Designing and building the hospital under the HCDA rules existing during that timeframe was no easy task. We constructed our building in compliance with HCDA requirements. Many of the requirements to which we were held were eliminated or liberalized for future buildings. The requirements that we were required to follow were more costly and limited the size and use of our project. And for the past 17 years, we have endured the infrastructure activity that has allowed large companies to build massive condominiums.

The hospital currently has 12 employees and we were able to keep all of our employees throughout the covid pandemic. Unfortunately, the profitability of the hospital has been a constant struggle. In the few years that we are profitable, we typically pay more in property taxes than we earn. Over the past 17 years we have experienced an incredible increase in property taxes while the condition of the public infrastructure has deteriorated.

Frankly stated, our business is at risk and may not survive. We would appreciate some tax relief. More moderate levels of property taxes would help ensure the continuity of our business as we brace for the economic impact of expected higher inflation that economist are currently expecting. Our future is in your hands.

Thank you,

Curtis Harada
808 392-3107

Name: SharLyn Foo	Email: bpacker@maui.net	Zip: 96712-9420
Representing: Self	Position: Oppose	Submitted: May 2, 2022 @ 05:09 PM

Testimony: Aloha Council, Most of the original 700 or so NUC holders are Kapuna, as am I. Obviously to be legal for more than 30 years means I am not a youngster.To potentially triple property taxes would drive us small business folks out completely. We dont mind paying our fair share but, with ever rising property values and expenses, we cannot sustain much more. We are much closer to B&B than anything else. You cannot compare Oahu with Maui where large corporations have bought up hundreds homes to use as vacation rentals. HTA even advertises for them. Even with new TVU sign ups, they will see that it is not worth it if taxes just go down by a couple points or triple taxes for originals. I am an individual family business. Please do not put me under. Mahalo

Name: Sean Brady	Email: seanbrady808@yahoo.com	Zip: 96734
Representing: Self	Position: Support	Submitted: May 2, 2022 @ 05:33 PM

Testimony: Aloha Council Members, I support Bill 4s intent to create a separate TVU category to bring some equity to taxation and fees in the legal resort zones. As a resort zone TVU owner, I would like to make the following proposal regarding the TVU rate: I propose setting a two tier rate, a structure similar to the Residential A's 2-tier system: For TVU valued at $1m or below, Tier 1: $6.9 (same as B&B rate) For TVU valued in excess of 1M, Tier 2: $10.5 (same as Residential A tier 2 rate) I believe having 2 Tiers for the TVU rate solves 2 key issues: 1) Give a favorable tax rate to modest and more affordable TVUs needed for emergency workers, caregivers visiting to take care of family, students, and so on. 2) Still increases tax for luxury condos and ocean front single family homes that are catering vacationers Basing the Tier 1 TVU rate as the same as the B&B rate makes sense because we are in the same business as the B&Bs and our occupancies are also similar (for example my 1 bedroom can only house a maximum of 4 guests). In addition, the B&Bs have a home exemption, which lowers their property tax accordingly. Modest TVUs valued below $1M are almost entirely condo units, most of which are studios or 1 bedrooms that have no view, are functional and provide basics like a kitchen and possibly parking. By setting the Tier 2 rate same as Tier 2 of Residential A rate, we ensure that luxury TVUs, which primarily consist of NUC owners of single family houses in Kailua, Lanikai, Hawaii Kai, North shore, and luxury condos etc, will pay their 10.5 rate in excess of $1M. These properties will not see an increase in their property taxes as their tier 1 rate will become 6.9, instead of their current Residential rate of 4.5. Mahalo for considering our proposal for amending Resolution 22-45. Please let me know if you have any questions.

Name: Lani Telfer	Email: lanitelfer@gmail.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: May 3, 2022 @ 06:40 AM

Testimony: We have a condo unit in Ko Olina which was our primary residence. We moved to the mainland 2 years ago to take care of our aging relatives. We are planning to move back to our home in Ko Olina in a few years. In the meantime we are renting out our home as a vacation rental to cover the mortgage and HOA fees. The rents do not cover our costs fully and we are barely able to afford to keep our home. If our property tax is increased by 400%, we would not be able to keep our home that we are planning to come back to and be forced to sell it. If we have to sell our home, it's most likely to someone from the mainland as locals do not want to commute from Ko Olina. So it would not really help with the shortage of affordable homes in Hawaii. We are contributing to the Hawaii economy by paying TA and GE taxes and bringing tourists to Hawaii. Increasing the property tax in such a drastic hike would punish those of us who are barely surviving. I hope you reconsider this bill and not pass it. Thank you.

Name: Aimee Agnew	Email: aagnew2012@gmail.com	Zip: 96731
Representing: Self	Position: Oppose	Submitted: May 3, 2022 @ 07:16 AM

Testimony:
Oppose Bill 4

Please do not tax us as though we are a huge corporate hotel!! We are asking you to consider a combined B&B/TVU classification and NOT tax us at the Resort Rate or even 3/4 rate as we are not zoned to have any of the amenities like shops, restaurants, stores that make up to 49% of a resort's income according to CBRE studies, and it's grossly unfair to us legal short-term vacation rental owners. The current B&B rate only applies to 34 properties. It doesn't make sense to have a category for 34 properties when Bill 41 shuts the door for any additions. Thank you.

Name: Jason Agnew	Email: agnew_jason@yahoo.com	Zip: 96731
Representing: Self	Position: Oppose	Submitted: May 3, 2022 @ 07:18 AM

Testimony:
Oppose Bill 4
Please DO NOT tax us at the Resort Rate. Please do not tax us as though we are a huge corporate hotel!! We are asking you to consider a combined B&B/TVU classification and NOT tax us at the Resort Rate or even 3/4 rate as we are not zoned to have any of the amenities like shops, restaurants, stores that make up to 49% of a resort's income according to CBRE studies, and it's grossly unfair to us legal short-term vacation rental owners. The current B&B rate only applies to 34 properties. It doesn't make sense to have a category for 34 properties when Bill 41 shuts the door for any additions. Thank you.

Name: Randall Moss	Email: rmosshi2017@gmail.com	Zip: 96731
Representing: Self	Position: Oppose	Submitted: May 3, 2022 @ 07:19 AM

Testimony:
Oppose Bill 4
Please DO NOT tax us at the Resort Rate. Please do not tax us as though we are a huge corporate hotel!! We are asking you to consider a combined B&B/TVU classification and NOT tax us at the Resort Rate or even 3/4 rate as we are not zoned to have any of the amenities like shops, restaurants, stores that make up to 49% of a resort's income according to CBRE studies, and it's grossly unfair to us legal short-term vacation rental owners. The current B&B rate only applies to 34 properties. It doesn't make sense to have a category for 34 properties when Bill 41 shuts the door for any additions. Thank you.

Name: Sharon Moss	Email: smossak@gmail.com	Zip: 96731
Representing: Self	Position: Oppose	Submitted: May 3, 2022 @ 07:20 AM

Testimony:
Oppose Bill 4
Please DO NOT tax us at the Resort Rate. Please do not tax us as though we are a huge corporate hotel!! We are asking you to consider a combined B&B/TVU classification and NOT tax us at the Resort Rate or even 3/4 rate as we are not zoned to have any of the amenities like shops, restaurants, stores that make up to 49% of a resort's income according to CBRE studies, and it's grossly unfair to us legal short-term vacation rental owners. The current B&B rate only applies to 34 properties. It doesn't make sense to have a category for 34 properties when Bill 41 shuts the door for any additions. Thank you.

Name: Mike Heh	Email: mikeheh100@gmail.com	Zip: 96731
Representing: Kuilima Estates Coalition	Position: Oppose	Submitted: May 3, 2022 @ 09:49 AM

Testimony:

Honorable Council members, Please include a combined B&B/TVU classification and NOT tax us at the Resort Rate or even 3/4 rate as we are not zoned to have any of the amenities like shops, restaurants, stores that make up up to 49% of a resort's income according to CBRE studies. It's grossly unfair to us legal short-term vacation rental owners to tax us any higher. The current B&B rate only applies to 34 properties. It doesn't make sense to have a category for 34 properties when Bill 41 shuts the door for any additions. Bill 41 was already a giveaway to the hotel lobby and we are your constituents so please at least help us with this middle tax rate between Residential and Resort rate that's the only fair and honorable thing we ask you to do for us. Michael Heh 808-382-4515		
Name: Kimo Jamila	Email: kimojamila10@gmail.com	Zip: 96850
Representing: Self	Position: Oppose	Submitted: May 3, 2022 @ 10:02 AM
Testimony: Aloha Council members, Please include a combined B&B/TVU classification and NOT tax us at the Resort Rate or even 3/4 rate as we are not zoned to have any of the amenities like shops, restaurants, stores that make up up to 49% of a resort's income according to CBRE studies. It's grossly unfair to us legal short-term vacation rental owners to tax us any higher. The current B&B rate only applies to 34 properties. It doesn't make sense to have a category for 34 properties when Bill 41 shuts the door for any additions. Bill 41 was already a giveaway to the hotel lobby and we are your constituents so please at least help us with this middle tax rate between Residential and Resort rate that's the only fair and honorable thing we ask you to do for us. Kimo Jamila		
Name: Maria Heh	Email: mariaheh@gmail.com	Zip: 96731
Representing: Kuilima Estates Coalition	Position: Oppose	Submitted: May 3, 2022 @ 10:05 AM
Testimony: Dear City Council members, Please include a combined B&B/TVU classification and NOT tax us at the Resort Rate or even 3/4 rate as we are not zoned to have any of the amenities like shops, restaurants, stores that make up up to 49% of a resort's income according to CBRE studies. It's grossly unfair to us legal short-term vacation rental owners to tax us any higher. The current B&B rate only applies to 34 properties. It doesn't make sense to have a category for 34 properties when Bill 41 shuts the door for any additions. Bill 41 was already a giveaway to the hotel lobby and we are your constituents so please at least help us with this middle tax rate between Residential and Resort rate that's the only fair and honorable thing we ask you to do for us. Maria Heh		
Name: Patrice Kaplan	Email: Patrizk@aol.com	Zip: 96712
Representing: Self	Position: Oppose	Submitted: May 3, 2022 @ 10:12 AM
Testimony: Aloha Council members, I currently own property at Kuilima and I am a resident of North Shore Oahu. I am opposed to the unfairness of Bill 4 which is being slammed though congress without much thought or economic regard to those property owners effected as was Bill 41. On top of new OTAT, $1500 registration taxes you want quadrupling property taxes on our little condo's? We can not help but feel you are being controlled by mainland hotels and don't care about the residents in Hawaii, the people YOU represent!! I don't believe we should be taxed at a higher rate period! My property tax assessment already went up 20% between 2021 and 2022! You have given us a one, two punch all ready. Let our property taxes be....please Mahalo Patrice Kaplan		

Name: Jim Tree	Email: ssitree@aol.com	Zip: 96707
Representing: Self	Position: Support	Submitted: May 3, 2022 @ 10:46 AM

Testimony:
I am very appreciative of the consideration given to those small business owners that operate legal TVUs in the Resort District and adjoining properties where TVUs are legal. These small business owners provide a valuable service to the citizens of the City and County of Honolulu. They provide housing for necessary short-term service providers on Oahu and those looking for alternative accommodations to hotels. They direct non-tourists and tourists looking for these accommodations away from the residential areas and into the Resort Districts where there is sufficient infrastructure and services to serve the visitor population. I feel it is important to recognize these small business owners as an important part of our community and to treat them fairly and equitable.

Mahalo for recognizing that the City's need to regulate these small businesses has created new fees, regulations, and restrictions that are very expensive in terms of money and time; fees and restrictions that do not apply to the hotel industry. In recognition of this added burden I congratulate the Budget Committee for revising Bill 4 to create a new tax classification for transient vacation properties. The burden on this group is much more than just the registration fee, and in recognition of this substantial additional burden I would suggest the city and county adopt a tax rate identical to the current B&B tax rate rather than at 75% of Hotel/Resort rate. This will place TVUs burden more in line with the burden placed on hotels. Please don't get me wrong i am not a hotel hater, in fact I love our hotels and their many dedicated service providers. They too provide an invaluable service to the community. TVUs supplement to a small degree the services provided by our hotels. Setting the tax rate at the current B&B rate will put hotels and TVUs on a similar playing field; although TVUs will enjoy a lower property tax rate, they will carry a burden the hotels do not have that is imposed in Ordinance 22-7.

Jim Tree

Name: David Seymour	Email: david@twodadz.com	Zip: 91604
Representing: Self	Position: Oppose	Submitted: May 3, 2022 @ 11:03 AM

Testimony:
I IMPLORE the council to adopt a lower and reasonable tax rate for short term rentals. We are not in business of renting but do so to help pay the high expenses on our Waikiki unit when not in Hawaii. We do not have hotel amenities or resources like hotels and should be taxed fairly such as 10-25% more RG an pure residential rates. Help us stay middle class, help us maintain our pride in our Hawaii home and not forced to sell. It is a vicious circle as we also now have to rent to pay the higher property tax! Please enforce a lower tax between a b&b and residential. We are not in this fie profile RB but meeting expense. Thank you

Name: Priscilla Magallanes	Email: cinomagz@hotmail.com	Zip: 96712
Representing: Self	Position: I wish to comment	Submitted: May 3, 2022 @ 12:33 PM

Testimony:
I am adamantly opposed to Bill 4 and it’s recommendation to tax LEGAL vacation rentals the same tax as hotels. Hotels provide amenities that vacation rentals can not (restaurants, shops, gyms, etc.) Hotels are owned by multi-billion dollar out of state or out of country large corporations. Please consider tax breaks for those of us who are local residents, senior citizens living on fixed incomes. The investment properties we have just barely supplement our income and allow us to enjoy a little extra money in our later years. I am a retired Hawaii DOE teacher and my investment in my Kuilima condo provides me a little extra money and will be my home in a few years. I’m trying to pay it off to be able to live comfortably. If you raise these property taxes I will be forced to sell my home(which I currently rent long term to and share with a local family at a reasonable rate) and move to the condo. Honolulu really needs to take a hard look at not raising any property taxes on the elderly people who have worked so hard their whole lives and contributed to our city and state.
Please do not rush through this bill and pass something that will ultimately hurt local retirees here in our state.
Mahalo for your time and consideration in this crucial case.
Aloha,
Priscilla Magallanes

Name: Paul Nachtigall	Email: nachtiga@hawaii.edu	Zip: 96734
Representing: Self	Position: Support	Submitted: May 3, 2022 @ 01:02 PM

Testimony:
I support the addition of Real Property classification (K) Transient vacation. It would not be fair to lump TVUs and Hotel and Resorts into the same category. Hotels make nearly 40% of their profit from auxiliary business efforts like restaurants, shops etc. TVUs do not have that opportunity.

Name: Mufi Hannemann	Email: mhannemann@hawaiilodging.org	Zip: 96815
Representing: Hawai'i Lodging & Tourism Association	Position: Support	Submitted: May 3, 2022 @ 03:05 PM

Name: Karin OMahony	Email: k7omahony@aol.com	Zip: 96795
Representing: Self	Position: Oppose	Submitted: May 3, 2022 @ 04:01 PM

Testimony:
Oppose this unfair, punitive and wasteful bill

Name: Joanne Moy	Email: snow2136@netzero.net	Zip: 96815
Representing: Self	Position: Support	Submitted: May 4, 2022 @ 01:26 AM

Testimony:
Dear Council Chair Waters and Honorable Honolulu Council members:

After review of proposed Bill004 (22), I am definitely in support of the additional class (K) Transient Vacation class. The taxation rate for the Transient Vacation class should be the same as class (J) Bed and Breakfast home with the two classes following similar guidelines and restrictions. Both “Transient Vacation units” (TVU’s) and “Bed and Breakfast homes” are by definition are “Short Term Rentals (STR’s) which are occupied less than 90 days, require the same application and renewal fees, insurance coverage, same guidelines for advertising by posting their permit or NUC numbers, same quiet hours and similar occupancy restrictions. TVU’s are definitely not a Hotel or Resort and should not fall in or come close to the high tax rate of the (B) Hotel and resort tax category.

The only thing similar between a TVU or B&B and Hotel and resort room is that they have short term stays less than 90 days, otherwise STR’s (TVU’s and B&B’s) pale in comparison to the large behemoths of Hotels and Resorts. Most TVU’s are condominiums with maybe a small swimming pool and their tax rate should reflect that at a modest tax rate. While, Hotels and Resorts have the luxury of having large swimming pools, shops, entertainment, restaurants, bars, large wedding venues, banquet halls, to help pay for fees and higher taxes where individual TVUs and B&B’s do not. Hotels and Resorts usually have deep pockets financially backing up their business and are sometimes international chains. We, STR’s (TVU’s and B&B’s), are usually individuals, Mom and Pops, trying to live their dream and own a part-time piece of paradise that they could not afford if not for the option of renting out their TVU or a room or two in their B&B. Our TVU alone has not collected income in three years in fear of the DPP fines and restrictions and waiting for a decision for future use. Plus, the Covid pandemic has delayed things as well. With the new Bill 41 CD2 passed, TVU’s face many additional rules, regulations and fees and we cannot handle an additional high tax rate similar to or the same as the (B) Hotel and resort tax rate that may send us over a financial cliff killing our Aloha spirit as we face more fees and expenses.

Thank you,
Joanne Moy
Waikiki Sunset family condo owner

Name: Stephanie Brooker	Email: stephmignon@gmail.com	Zip: 90293
Representing: Self	Position: I wish to comment	Submitted: May 4, 2022 @ 06:22 AM

Testimony:
Councilmembers,

First, thank you for your work thus far on drafting this bill. As a Ko'Olina resort owners who conducts 30-day rentals, please consider the following:

1. We are not hotels.
2. We do not have the ancillary income that hotels enjoy - restaurants, gift shops, bars, paid parking etc.
3. We in Ko'Olina aren't able to do nightly rentals which are much more lucrative.
4. Please support the creation of a separate TVU category.

Respectfully,

Stephanie Brooker
Ko'Olina resort owner
Kalaheo, class of 1999
HPU, class of 2004

Name: Levi Brooker	Email: levibrooker@gmail.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: May 4, 2022 @ 06:58 AM

Testimony:
I am a Ko Olina homeowner. While I greatly appreciate that CD1 provides a separate tax classification for TVUs, which will hopefully be much lower than the hotel tax rate, this still is an unnecessary proposal, and it is unfair because 30-90 day rentals are not transient in nature. Legal TVUs are located in residential communities and are already subject to resort fees and HOA dues that cover our infrastructure expenses, and we do not generate ancillary income from restaurants and shops like hotels do. Via Bill 41, the City has successfully eradicated TVUs from the entire island with the exception of a few resort communities that were master planned to accommodate TVUs. Most TVU owners/operators in Ko Olina are people like me: a working class family with ties to Oahu who cannot afford to live there full time yet due to current employment, but who visits as often as possible, and when we are not physically there, we lease our home out on a 30-90 day basis in order to cover the mortgage payments and exorbitant resort and HOA dues. Some of our tenants are long term vacationers, who spend enormous amounts of money at the local Ko Olina businesses, but many are families who are either relocating to the island permanently or stationed there for a few months for work. These people cannot stay in the hotels for 30+ days due to the cost and lack of space. The complicated red tape in Bill 41, on top of the 17.75% GET/TAT tax, is already going to make it nearly impossible to operate the remaining handful of legal TVUs going forward. Continuing to punish legal TVU operators with the excessive property taxes proposed under Bills 4 and 9 will have the unintended consequence of eliminating all TVUs on Oahu, which is good for no one except the hotel industry. Ko Olina was developed to be a resort community for 2nd homeowners and TVUs. Bills 4 and 9 do not offer a data driven solution to any actual issues facing Oahu, but they do create a new problem in potentially completely eliminating all 30-90 day housing on the island, while simultaneously harming all businesses in Ko Olina (except for the 3 hotels of course).

Name: Danielle Haberfield	Email: dani.haberfield@gmail.com	Zip: 96731
Representing: Self	Position: I wish to comment	Submitted: May 4, 2022 @ 07:31 AM

Testimony:
CIty Council, please consider:
The Bill currently proposes a new TVU property tax classification. I am asking they consider a combined B&B/TVU classification and NOT tax us at the Resort Rate or even 3/4 rate as we are not zoned to have any of the amenities like shops, restaurants, stores that make up up to 49% of a resort's income according to CBRE studies, and it's grossly unfair to us legal short-term vacation rental owners. The current B&B rate only applies to 34 properties. It doesn't make sense to have a category for 34

properties when Bill 41 shuts the door for any additions. Please consider taxing LEGAL short-term vacation rental owners at the B&B rate, we certainly are not of mega resort status. Thank you for your consideration.

Name: Meylysa Duldulao	Email: meylysa@gmail.com	Zip: 96828
Representing: Self	Position: Support	Submitted: May 4, 2022 @ 09:15 AM

Testimony:
My name is Meylysa Duldulao and I support Bill 4 for 2 reasons. My husband Jomel and I own an AirBnb in 1911 Kalakaua Ave Apt 608, and we have been legally operating in the Resort/Mixed Use Precinct of the Waikiki Special District and paying the hotel/resort zone tax years before Bill 41 was signed into law.

Bill 41 creates a registration process for AirBnBs and TVUs on Oahu that is especially time consuming and expensive for TVUs in Resort zones, most onorous of which is that TVUs like ours need to pay $1,000 the first year to register and $500 a year every year after as well as get 4 tax clearances every year. How much will that cost?

Hotels and timeshares are exempt from all these requirements, even though they doing the same business as we are. I have testified many times that if the short term rental industry is not regulated as a whole, then you create areas where small business owners are being discriminated against in favor of large hotel corporations.

I support Bill 4 because it alleviates inequities in current law, by

1) giving a separate TVU property tax classification
and
2) making timeshares pay hotel/resort tax regardless of their zoning

I also only support Bill 4 if Resolution 22-45 does in fact make the TVU tax rate lower than the Hotel/Resort tax rate. I support setting a two tier rate, a structure similar to the Residential A's 2-tier system:

For TVU valued at $1m or below, Tier 1: $6.9 (same as B&B rate)
For TVU valued in excess of 1M, Tier 2: $10.5 (same as Residential A tier 2 rate)

Basing the Tier 1 TVU rate as the same as the B&B rate makes sense because we are in the same business as the B&Bs and our occupancies are also similar (for example a 1 bedroom unit can only house a maximum of 4 guests). In addition, the B&Bs have a home exemption, which lowers their property tax accordingly.

Name: Dawn Borjesson	Email: friendsofkuilima@gmail.com	Zip: 96825
Representing: Friends of Kuilima	Position: Support	Submitted: May 4, 2022 @ 09:36 AM

Testimony:
Friends of Kuilima supports the creation of classification 'K' for TVUs.

Thank you to CM Kia'Aina for introducing this category.

April 30, 2022

Aloha City Council Members,

Please consider a combined B&B/ TVU classification within Bill 4. The current B&B rate only applies to 34 properties. They are eligible for the homeowner exemption so their rate would in effect be lower than TVU's. It doesn't make administrative sense to have a category for 34 properties when Bill 41 shut the door for any additions.

Please see the attached analysis that shows even **bringing TVU’s to the current B&B rate would eat up one-third of the average TVU’s profits.** Without the ancillary income that Hotels bring in, we cannot afford a big rate hike. We are largely Kapuna, local small business owners. Along with the additional registration costs and insurance requirement from Bill 41, we cannot afford another “hit” to our already shrinking bottom line.

We ask that you support a combined “B&B/ TVU” rate.

Mahalo,

Jill Paulin
Haleiwa, HI

Average Daily Rate (ADR)		(1)		(2)
Occupancy Rate		(1)		(2)
Estimated Annual Revenue		(3)		(3)
Estimated Annual Expenses		(4)		(5)
Profit Margin		(6)		
Net Income Per Year Per Room/Unit				
Additional Property Taxes if raised to 10.210.2%				
Net Income Per Year Per Room/Unit After Prop Tax Increase				

Assumptions and Findings:

Property tax increase to halfway between the B & B and Hotel/ Resort rate, or 75% of current Hotel/Resort rate. (S
Amount excludes the new registration fee ($1000) and commercial liability insurance expense.
Amount excludes costs associated with obtaining and filing all the new registration documentation and for the redu
Income per Hotel room does not include ancillary income permitted for Hotels, but not TVUs due to zoning (35% o
Avg Hotel rate does not factor in the immediate increase in per nightly stayADR when subsequent to the passing o

Conclusions Based on Analysis

If the property tax rateIf property taxes for TVU’s are raised to half-way between the B&B and

AddtionallyAdditionally, property taxes are typically used to support services provided by the c

By using an arbitrary rate increase without considering these factors in our analysis shows a sig

In plain terms a significant increase can affect an owners ability to continue ownership. Conside

All taken together, we willPlease consider our position and support an objective, data driven an

Sources of Data:

(1) Hawai'i Hotel Performance Report March 2022 (HTA)
(2) February 2022 Hawai’i Vacation Rental Performance Report (HTA)
(3) Calculated from ADR and Occupancy for 365 days

(4) Extrapolated from Profit per room from Host Hotels & Resorts, Annual Report 2021, Supplemental Financial Information, p. 59
(5) Includes applicable taxes, utilities, repairs, supplies, advertising, interest and other expense. (based on 2021 tax returns for one bedroom TVU)
(6) Calculated based on Estimated Revenues and Expenses
(7) Based on value of $750k, estimated increased to 10.2 (half-way between B&B and Hotel/ Resort rate)

Monthly profit per Unit for TVU’s is $222 after

HAWAI'I LODGING & TOURISM ASSOCIATION

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

Honolulu City Council
Bill 4 (2022), CD1
May 4, 2022

Chair Waters and members of the Honolulu City Council, mahalo for the opportunity to submit testimony on behalf of the Hawai‘i Lodging & Tourism Association, the state's oldest and 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 reining in short-term rental units, especially those operating illegally in residential areas.

Two longstanding tenets of our advocacy have always centered around tax parity and ordinance 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 recent enactment of Ordinance 22-7, stricter provisions are now in place, and all STRs are relegated to resort zones with the exception of bed and breakfast properties and those operating under Nonconforming Use Certificates. Bill 4 (2022), CD1 would further amend the Revised Ordinances of Honolulu to state that any properties operating as a TVR must be relegated to the newly created transient vacation tax class. 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 have currently escaped collection. This can be used for any number of City projects, but we feel strongly that a significant portion should be used to fund enforcement of STR regulations. 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 this is an important step in remedying this, and we feel strongly that Bill 4 (2022), CD1 is a good step.

For these reasons, HLTA supports Bill 4 (2022), CD1.

Mahalo for the opportunity to provide this testimony.