

BILL004(22)
Testimony

MISC. COMM. 323

BUDGET

BUDGET Meeting

Meeting Date: Aug 24, 2022 @ 09:00 AM

Support: 24

Oppose: 4

I wish to comment: 15

Name: Karen Turner	Email: karenturnr@aol.com	Zip: 96741
Representing: Self	Position: Support	Submitted: Aug 20, 2022 @ 02:15 PM
Testimony: I support the Bill as is. Tiers divided at \$600,00.		
Name: Kelly Wedel	Email: wedelathome@verizon.net	Zip: 96792
Representing: Self	Position: Support	Submitted: Aug 21, 2022 @ 11:41 AM
Testimony: TVU Tier Threshold should be changed to \$1m, as this more correctly reflects today's average STR value.		
Name: Catherine Panizzi	Email: crpanizzi@gmail.com	Zip: 96815
Representing: Self	Position: Support	Submitted: Aug 21, 2022 @ 01:50 PM
Testimony: Honorable members of the Budget Committee, Thank you for your service to our community. As an owner of a condominium at the Waikiki Banyan, I would like to offer my support of Bill 4 and the hope it will be used to give some tax relief to short-term rental operators who would otherwise be taxed at the high hotel/resort rate. Bill 4 currently contemplates two tiers; a lower tier for properties assessed at under \$600,000 and an upper tier for those assessed at over \$600,000. Presumably the tax rate would be higher for those in the upper tier. I would request that the upper threshold be adjusted to capture properties valued at over \$1,000,000 (rather than \$600,000) which is also the current upper tier threshold for residential properties and more accurately reflects current real estate prices on Oahu, and in Waikiki in particular. Very few TVUs will fall into the proposed lower tier due to current market values. At the Waikiki Banyan, which is entirely one bedroom units of 500-600 sq ft, some assessments have already crossed the \$600,000 line and most will cross it within a year or two. So I would ask that you please increase the tier threshold to properties valued at under or over \$1 million. Thank you for your consideration. Catherine Panizzi		
Name: Michael Heh	Email: mikeheh100@gmail.com	Zip: 96731
Representing: The Friends of Kuilima	Position: Support	Submitted: Aug 21, 2022 @ 05:52 PM
Testimony: I SUPPORT BILL 4 AND CHAIR SAY'S AMENDMENT BUT REQUEST A REVISED THRESHOLD VALUE OF \$1M BETWEEN TIERS - I support the separate TVU classification as TVUs are not hotels and should be taxed differently. - Having two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students. - Request that the TVU Tier Threshold be changed to \$1m as this more correctly reflects today's average STR value" Mahalo, Mike Heh		
Name: Kimo Jamila	Email: kimojamila10@gmail.com	Zip: 96850

Representing: Self	Position: Support	Submitted: Aug 21, 2022 @ 05:58 PM
<p>Testimony:</p> <p>Dear Budget Committee:</p> <p>WE SUPPORT BILL 4 AND CHAIR SAY'S AMENDMENT BUT REQUEST A REVISED THRESHOLD VALUE OF \$1M BETWEEN TIERS</p> <p>- I support the separate TVU classification as TVUs are not hotels and should be taxed differently.</p> <p>- Request that the TVU Tier Threshold be changed to \$1m as this more correctly reflects today's average STR value"</p>		
Name: Robert Newell	Email: bobn@waikikibanyan.org	Zip: 96815
Representing: Waikiki Banyan Association of Apartment Owners	Position: Support	Submitted: Aug 22, 2022 @ 08:25 AM
<p>Testimony:</p> <p>As President of the Association of Apartment Owners of the Waikiki Banyan, and on behalf of the Association, I would like to offer the following comments on Bill 4.</p> <p>We support Bill 4 and hope it will be used to give some tax relief to short-term rental operators, who would otherwise be taxed at the high hotel/resort rate.</p> <p>Bill 4 currently contemplates two tiers, for properties assessed at under or over \$600,000. Presumably the tax rate would be higher in the upper tier.</p> <p>We suggest that the threshold be adjusted to no less than \$1,000,000, which is the upper tier threshold for residential properties and more accurately reflects current O`ahu real estate prices, and Waikiki in particular.</p> <p>Few STRs will fall into the proposed lower tier. At the Waikiki Banyan, some assessments have already crossed the \$600,000 line and most will cross it within a year or two.</p> <p>Thank you for considering our comments.</p> <p>Bob Newell President, Waikiki Banyan AOA</p>		
Name: Curtis Harada	Email: curtisharada@gmail.com	Zip: 96821
Representing: Curtis and Pauline Harada / Kakaako Pet Hospital	Position: Support	Submitted: Aug 22, 2022 @ 12:28 PM
<p>Testimony:</p> <p>My name is Curtis Harada and my wife and I own 815 Queen Street in Kakaako. We are submitting testimony as owners of the property and our business, Kakaako Pet Hospital. We appreciate the opportunity to express our thoughts and communicate the fact that we are firmly in support of Bill 34 (22). Furthermore we wish to extend our thanks to City Council and the each of its members for their hard work relating to this bill.</p>		

Our view remains unchanged as expressed in our earlier testimony. Our earlier testimony was as follows:

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. We understand that the Rules covering HCDA are reflected in section 15-22 of the Hawaii Code of Rules. And that the proposed bill will 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: Barbara Fisher	Email: bambufish@gmail.com	Zip: 96712
Representing: Self	Position: Support	Submitted: Aug 22, 2022 @ 01:02 PM

Testimony:
I support bill 004 (22) as written with two tiers above and below \$600,000.

Name: Jim Tree	Email: ssitree@aol.com	Zip: 96707
Representing: Self	Position: I wish to comment	Submitted: Aug 22, 2022 @ 03:59 PM

Testimony:
Thank you for considering a new property tax category for Transient Vacation Units. (TVUs) Under Ordinance 22-7 there are registration fees and about 20 regulations and requirements for TVUs. These added fees and regulations put small business owners on an unfair playing field when compared to hotels. Mahalo for helping to level the playing field by making a new property tax category for TVUs. It is anticipated the tax rate for this new category will be lower than the Hotel-Resort property tax which will create a more equitable result for these small business owners when they perform legal short-term rentals.

Name: Ben Bennett	Email: benrbennett1219@gmail.com	Zip: 96731
Representing: Self	Position: I wish to comment	Submitted: Aug 23, 2022 @ 04:16 AM

Testimony:
I am a local resident of Kuilima East Estates near Turtle Bay Resort. My kids attend local schools (Kahuku High and Sunset Elem). Being able to legally rent my home when I am off island allows me and my family to offset the high cost of living in Hawaii. I support the separate TVU classification since TVUs are not hotels, aren't permitted the same, and should be taxed differently. The proposed two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students. I request that the TVU tier 1 threshold be changed to \$1M to more accurately reflect today's average STR value. I also request

that the committee to consider adjusting this from time to time based on inflation so that local families who periodically STR their homes in a legal area and on a legal basis are not penalized by doing so. Thank you for your consideration.

Name: Don & Judy Cole	Email: lagunahouse@me.com	Zip: 92663
Representing: Self	Position: I wish to comment	Submitted: Aug 23, 2022 @ 04:26 AM

Testimony:

We own a legal STR at Kuilima Estates West. While we support the separate TVU classification since TVUs are not hotels, aren't permitted the same, and should be taxed differently, we are concerned that the proposed thresholds don't represent current values.

The proposed two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students.

We request that the TVU tier 1 threshold be changed to \$1m to more accurately reflect today's average STR value. Mahalo for your consideration!

Name: Christine Frazer	Email: christine@jacanaonline.com	Zip: 96746
Representing: Self	Position: I wish to comment	Submitted: Aug 23, 2022 @ 08:18 AM

Testimony:

I support the separate TVU classification since TVUs are not hotels, aren't permitted the same, and should be taxed differently.

The proposed two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students.

I request that the TVU tier 1 threshold be changed to \$1m to more accurately reflect today's average STR value. My husband and I have invested our retirement into one apartment at Kuilima. Changing the taxation without adjustments would mean we can no longer afford to keep our property and it will be sold to someone who doesn't care about providing affordable transient accommodation for those who need it most.

Name: Jill Paulin	Email: jillpaulin@gmail.com	Zip: 96712
Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 08:36 AM

Name: TASIA HEFFERNAN	Email: tas@heff.com.au	Zip: 96815
Representing: Self	Position: I wish to comment	Submitted: Aug 23, 2022 @ 10:25 AM

Testimony:

I am an owner of a condo in Waikiki Banyan would like to comment on the current version proposed for Bill 4.

I support Bill 4 and hope it will be used to give some tax relief to short-term rental operators like myself, who would otherwise be taxed at the high hotel/resort rate.

Bill 4 currently contemplates two tiers, for properties assessed at under or over \$600,000. Presumably the tax rate would be higher in the upper tier.

I suggest that the threshold be adjusted to no less than \$1,000,000, which is the upper tier threshold for residential properties and more accurately reflects current real estate prices on Oahu and Waikiki in particular. Few STRs will fall into the proposed lower tier. At the Waikiki Banyan, some assessments have already crossed the \$600,000 line and most will cross it within a year or two.

Thank you for considering my comments.

Name: Shayne Stambler	Email: shayne808@hawaii.rr.com	Zip: 96815
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Representing: Self	Position: I wish to comment	Submitted: Aug 23, 2022 @ 10:43 AM
<p>Testimony:</p> <p>No Historic advisory board (Bill44) and now an increase in taxes for historical buildings.... the main point of the tax exemption is to protect the property when transferred to the new owner. The new owner will be less inclined to tear down the property because they will have to pay the back taxes that have accumulated.... the closer you get to actual amount of taxes normally paid the less of an incentive there is to keep the property as it is. Born and raised here in Hawaii, over that past 70 plus years, I have watched those in charge suck almost all of the charm out of Oahu. Can we please have those with the foresight to protect what cannot be replaced have a good hard think on this. Please.</p>		
Name: Elisabeth Iwata	Email: beth@historichawaii.org	Zip: 96816
Representing: Self	Position: Oppose	Submitted: Aug 23, 2022 @ 11:08 AM
<p>Testimony:</p> <p>As a Kaimuki resident born and raised on Oahu, I wish to oppose the recommendation made by the 2019 Commission that the exemptions provided to historic residential and commercial real properties be amended to increase the minimum real property tax from \$300 to \$1,000. This recommendation is a sharp increase and puts historic properties at further risk. The cost of maintaining a historic property is significant; this triple+ increase may lead to the neglect, deterioration and loss of some beloved homes and community landmarks on Oahu. For the City Council to make a decision based on an outdated 2019 recommendation seems irresponsible and out of touch with the current economic pressures property owners are facing as a result of the supply chain disruptions caused by the COVID-19 pandemic further compounded by inflation. Through my work, I encounter many people struggling to maintain a historic property and this recommendation will deliver a devastating blow.</p>		
Name: Paul Nachtigall	Email: nachtiga@hawaii.edu	Zip: 96734
Representing: Friends of Kuilima	Position: Support	Submitted: Aug 23, 2022 @ 12:00 PM
<p>Testimony:</p> <p>The recent passage of ordinance 22-007 created a harsh and unfair tax structure onto short term residential resort short term rental properties. Short term residential properties are now taxed at the same rates as resort hotels. I strongly support the separate classification of short term rentals as a class because residential short term rentals are not hotels. They are not allowed the same opportunities for income production and they should not be taxed the same as hotels.</p> <p>Short term rentals, separate from expensive resort hotels, should be allowed the proposed two tier tax structure to keep the more basic short term rental units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students. Many people needing transient housing are not tourists! Please consider more than just the tourists when you establish the tax structure for legal, established, short term residential housing. Most housing values, including legal short term rental real estate values have skyrocketed with the passing of ordinance 22-007. Those increased assessed values cause a great increase in property taxes. Those huge increases in property taxes greatly reduce short term housing for non-tourists. I sincerely request that the two tier system be adopted and that the Transient vacation unit tier 1 threshold be changed to \$1m to more accurately reflect today's average legal short term rental real estate market value.</p>		
Name: Gildas Cheung	Email: mangonoodlespasta@outlook.com	Zip: 96815
Representing: Self	Position: I wish to comment	Submitted: Aug 23, 2022 @ 12:07 PM
<p>Testimony:</p> <p>Aloha. I support the separate TVU classification as TVUs are not hotels and should be taxed differently. Please consider having a 2-tier STR/TVU to keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students. Additionally, please change the TVU tier to \$1m to better reflect the average market condition.</p>		
Name: helena von sydow	Email: helenavonsydow@gmail.com	Zip: 96731

Representing: Self	Position: Oppose	Submitted: Aug 23, 2022 @ 12:09 PM
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Testimony:
Dear Budget Committee

I support the separate TVU classification as TVUs are not hotels and should be taxed differently.

Having two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students. It is estimated that half of all "non-hotel" STRs are rented by non-vacationers.

Friends of Kuilima' research shows an average TVU value of \$1,096,000 based on the last 12 months of sales data (2021/2022).

Bill 4 would not apply until the 2023/2024 tax year so \$1m or \$1.1m should be the minimum threshold between the tiers. these thresholds were supposed to be at the average values and aren't fair otherwise.

Tier 1 should start at \$1m
Thank you for listening

Helena von Sydow

Name: Harald von Sydow	Email: nztrendshi@gmail.com	Zip: 96731
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Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 12:12 PM
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Testimony:
Honorable Council members

I support the separate TVU classification since TVUs are not hotels, aren't permitted the same, and should be taxed differently.

The proposed two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students.

We/I request that the TVU tier 1 threshold be changed to \$1m to more accurately reflect today's average STR value.

Aloha
Harald von Sydow

Name: SharLyn Foo	Email: bpacker@maui.net	Zip: 96712
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Representing: Self	Position: I wish to comment	Submitted: Aug 23, 2022 @ 01:15 PM
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Testimony:

Aloha, I have legal rentals and now pay Res-A property taxes. They go up each year because medium house price is now 1.3million . Thus the 1million cap is too low. My certificate fee will more than double in the coming year. How is this going to affect me and others?

I am not a hotel more like bed and breakfast. I could support a tier system if these things were taken into account in the overall cost to be legal.

Think you should incentivize people to become legal. Otherwise they will remain illegal.

I cant imagine folks will be signing up to be legal if the taxes and fees become too much and not worth it.

Mahalo

Name: Mary Louise O'Brien	Email: mobrien7@hawaii.rr.com	Zip: 96744
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Representing:	Position:	Submitted:
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Self	Oppose	Aug 23, 2022 @ 01:52 PM
<p>Testimony:</p> <p>I am totally opposed to raising the property tax on historic homes. We have already lost so much of what makes Hawaii unique it is so important to preserve what we have left or we are just another ho hum clone. High rises, overbuilding with no sensitivity to the environment, history or culture are our negatives.</p> <p>People willing to preserve history and culture at their own expense should be compensated by lightening their financial load to do it. It is irresponsible to consider their lower taxes (a small percentage of the total) as a gift when preserving a historic home isn't cheap.</p> <p>Please do not burden them further as otherwise fewer will make the effort. And we will end up with a landscape totally devoid of valuable historic local culture and any feeling of being part of it.</p>		
Name: Martin Hubert	Email: mhubert@vgc.net	Zip: 96712
Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 03:55 PM
<p>Testimony:</p> <p>#1: I support the separate TVU classification since TVUs are not hotels, aren't permitted the same, and should be taxed differently.</p> <p>Hotels are allowed to rent nightly vastly improving the revenue opportunities for Hotels.</p> <p>#2: The proposed two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, students and future residents that are awaiting their belongings to arrive on the island. We have rented to all of these groups in the past and view it as essential to help promote the Aloha spirit.</p> <p>#3: I request that the TVU tier 1 threshold be changed to \$3m to more accurately reflect today's average STR value. Alternatively consider valuing the TVU portion of the property independent from the whole to more fairly address the actual situation -- where just a guest unit is rented as a TVU.</p>		
Name: Randall Moss	Email: rmosshi2017@gmail.com	Zip: 96731
Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 04:17 PM
<p>Testimony:</p> <p>I support the separate TVU classification since TVUs are not hotels, aren't permitted the same, and should be taxed differently. The proposed two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students.</p> <p>I request that the TVU tier 1 threshold be changed to \$1m to more accurately reflect today's average STR value.</p>		
Name: Sharon Moss	Email: smossak@gmail.com	Zip: 96731
Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 04:18 PM
<p>Testimony:</p> <p>I support the separate TVU classification since TVUs are not hotels, aren't permitted the same, and should be taxed differently. The proposed two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students.</p> <p>I request that the TVU tier 1 threshold be changed to \$1m to more accurately reflect today's average STR value.</p>		
Name: Aimee Agnew	Email: aagnew2012@gmail.com	Zip: 96731
Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 04:21 PM

<p>Testimony:</p> <p>I support the separate TVU classification since TVUs are not hotels, aren't permitted the same, and should be taxed differently. The proposed two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students.</p> <p>I request that the TVU tier 1 threshold be changed to \$1m to more accurately reflect today's average STR value.</p>		
<p>Name:</p> <p>Jason Agnew</p>	<p>Email:</p> <p>agnew_jason@yahoo.com</p>	<p>Zip:</p> <p>96731</p>
<p>Representing:</p> <p>Self</p>	<p>Position:</p> <p>Support</p>	<p>Submitted:</p> <p>Aug 23, 2022 @ 04:24 PM</p>
<p>Testimony:</p> <p>I support the separate TVU classification since TVUs are not hotels, aren't permitted the same, and should be taxed differently. The proposed two tiers will help keep more basic STR units affordable for our island's month-to-month renters, event-displaced residents, and transient guests like traveling nurses, emergency personnel, military, and students.</p> <p>I request that the TVU tier 1 threshold be changed to \$1m to more accurately reflect today's average STR value.</p>		
<p>Name:</p> <p>Scott Meru</p>	<p>Email:</p> <p>scottmeru@yahoo.com</p>	<p>Zip:</p> <p>96825</p>
<p>Representing:</p> <p>Self</p>	<p>Position:</p> <p>I wish to comment</p>	<p>Submitted:</p> <p>Aug 23, 2022 @ 04:38 PM</p>
<p>Testimony:</p> <p>Aloha,</p> <p>Life in Hawaii is beautiful but financially it can be quite difficult for families. Having a short term rental in Kuilima has helped my family get by here. I plead with you to keep the new rates for STR's reasonable and to take into consideration that our revenue streams are far more limited than what hotels have to offer. Please keep this at a bare minimum as we already pay TAT, GET, income tax and now likely an increased property tax. Each of us that pay these, play by the rules so please don't punish us any further with a big rate hike.</p> <p>Mahalo,</p> <p>Scott</p>		
<p>Name:</p> <p>Hector Euredjian</p>	<p>Email:</p> <p>hectoreuredjian@att.net</p>	<p>Zip:</p> <p>96825</p>
<p>Representing:</p> <p>Self</p>	<p>Position:</p> <p>Support</p>	<p>Submitted:</p> <p>Aug 23, 2022 @ 04:55 PM</p>
<p>Testimony:</p> <p>Aloha Budget Committee members</p> <p>Thank you for considering this bill.</p> <p>I am in favor to have a separate Real Property Tax TVU classification since Transient Vacation Units are not hotels></p> <p>They are also not assessed the same way as hotels since smaller properties like a single apartment or home is assessed at retail market value and large properties like hotels on the other hand are assessed at wholesale market value with huge differences when compared on a per square foot level that in some cases is less than 30% of the retail value of a similar quality property. Since hotels are marketed and rented on the retail level by room, it creates an unfair advantage since each room has paid a comparable much lower Real Property Tax than a similar quality and size TVU.</p> <p>Thank you for your time.</p>		
<p>Name:</p> <p>Graciela Euredjian</p>	<p>Email:</p> <p>bat.hawaii@att.net</p>	<p>Zip:</p> <p>96825</p>
<p>Representing:</p> <p>Self</p>	<p>Position:</p> <p>Support</p>	<p>Submitted:</p> <p>Aug 23, 2022 @ 05:09 PM</p>
<p>Testimony:</p> <p>Thank you for reading my testimony.</p> <p>It is important to remember that TVUs are not Hotels and therefore should not be in the same Real Property Tax category and taxed the same way as Hotels.</p>		

It is also important to understand that when compared at a per square foot level, given the same category, large hotels (100+ rooms) are assessed at a fraction of what TVUs are and therefore their Real Property Tax cost per room is dramatically lower than what VTU owners pay.

Since both industries cater to the same clientele, this creates an unfair advantage for the Hotels.

A separate property tax classification at half or less than half what Hotels pay would help level off the plain field.

Name: Nicolle Kusterer	Email: nicollekusterer@gmail.com	Zip: 96825
Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 05:13 PM

Testimony:

I am in favor of the bill.

I also request that the TVU tier 1 threshold be changed to \$1m to more accurately reflect today's average Short Term Rental value.

Name: Ralph Gray	Email: bgwvrdr@aol.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 05:30 PM

Testimony:

I support the separate TVU classification since TVUs are not hotels, do not make money from additional services or allow for commercial activity like bars, restaurants, shops, pool service, etc...and are not permitted the same, and should be taxed differently.

The two tiers will keep basic STR units affordable for our island's 30 day month to month clients and transient guests like traveling nurses, military and students. I feel that the TVU tier 1 threshold should be changed to \$1,000,000 to since that is more realistic with property values today.

We need short term rentals on Oahu or we will end up with a very lagging economy and hurt hundreds of small business across the island. The hotels only cater to those with deep pockets and those that want to be in the tourist areas. STR's allow for human beings to live among us for 30 days or more and in a safe and inexpensive arena so they feel like and can be part of the community. The hotels were not here first. STR have been on Oahu since the 1800s. My family came in 1870, and started there first STR in the early 1900s. We have had guests from around the world stay at our home ever since.

Lets create fair rules, parking rules, noise rules and give those that follow the rules a license. The the city and county and state could get taxes to help the people of Hawaii and if the licensee doesnt follow the rules, they loose there license. Everyone wins and the government still has control.

Name: Cameron McNairy	Email: cameron@computer.org	Zip: 80528
Representing: Self	Position: I wish to comment	Submitted: Aug 23, 2022 @ 05:42 PM

Testimony:

I understand that the city council is considering changing the taxation rules associated with real-estate property on Oahu. I encourage the council to seek revisions to this proposal that bring clarity with regard to taxation along the following areas:

- 1) This proposal should clarify that a TVU property does not also get taxed as a non-resident as it relates to Ordinance 9.
- 2) This proposal considers both the limited income stream available to TVU imposed on by the council and the nature of the TVU within a resort but unable to sell ancillary services such as alcohol, food, or parking. Hotels alone are uniquely enabled to benefit from these lucrative amenities and offerings.
- 3) The current average home value in Oahu in the resort area where TVUs are allowed are far higher than the proposed median value representing a cut point to a higher tax rate and extend the higher rate transition point to \$1.2M or more and adjusted in accordance with average annual property value increases or decreases.

I strongly support a separate TVU classification, including the two tiers (sub-classification). TVUs are not hotels and do not have

the option to provide income generating activities. They should be in a separate classification of property.

I also support the two tier classification to keep affordable STR units available for our island's month-to-month/transient renters for our O'hana and crucial needs.

Abundant data points, including the research by FOK and numerous media reports over the past year about property values, suggest that the currently proposed \$600k Tier 1 valuation would not apply to few if any TVU. The relegation of TVU eligibility to Resort areas and the unique nature of Resort homes increases their demand and thus value above other homes. The Tier 1 property value threshold should be moved from \$600k to at least \$1mil with provision to move that Tier 1 limit in relation to average resort development value change percentages.

Sincerely,

Cameron McNairy

Name: Kyle Duncan	Email: kd9975@gmail.com	Zip: 96731
Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 06:03 PM

Testimony:

I support the separate TVU classification since TVUs are not hotels and don't have the access to multiple income sources as a hotels have.

Our STR property is a basic property (1 bed / 1 bath) and the tier system will help keep STR's taxes reasonable and keep rents reasonable for month-to-month renters. However, even our small basic units valuation is significantly greater than the current threshold set at \$600K. I support the proposal but would ask that the Tier I threshold be set at \$1M to taxes fair and reasonable. Thank you for your consideration.

Kyle Duncan

Name: MICHAEL WEIDENBACH	Email: m1ck@hawaiiantel.net	Zip: 96822
Representing: Self	Position: Oppose	Submitted: Aug 23, 2022 @ 07:06 PM

Testimony:

The determination of the tax advisory committee that raising considerably the real property tax rates owed for designated historic properties, is unwarranted and counterproductive.

From a very limited fiscal and functional perspective, historic properties may fall short of the fiscal benefit of modern high-rise structures. But there is a larger more comprehensive perspective that the Tax Advisory Committee should be tasked to include in their future considerations.

Our community's historic context and cultural environment is part and parcel with our visitor's experience and their appreciation for and perceived destination value of Honolulu. Without that context our visitor's experience would be devalued and the industry would be negatively impacted as a direct consequence.

The same benefit is also felt and appreciated by residents. The familiarity of a home community, of our natural and built environment cannot be quantified in tax dollars, but may in fact be reflected in the ongoing of out migration of resident, as change takes precedence over preserving what has been home.

Maybe the Budget Committee should now, and the Tax Advisory Committee should in future, be wise to look beyond the fiscal and functional perspective in their determinations of value and necessity.

Name: Patrice Kaplan	Email: Patrizk@aol.com	Zip: 96712
Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 08:23 PM

Testimony:

Aloha Council Members,

Although, I am not happy about being taxed again for the umpteenth time, I do support the separate TVU classification, including the two tiers (sub-classification). TVUs are NOT hotels and do not have the option to provide income generating activities. They should be in a separate classification of property.

Considering the research by FOK and numerous media reports over the past year about property values, I support an increase of the Tier 1 property value from \$600,k to \$ 1, mil.

I live on the North Shore of Oahu and was hoping to have additional rental income in our retirement years. The way things are being taxed is alarming. OTAT, TAT GE tax and property tax, (in addition the registration fees and now newly additional 'quadruple tax rates' for TVU's) there is a sense of unfairness, that the state is support the hotel industry.

My tax bill on my primary home and my "legal" rental home property taxes have increase in the past year at a crazy rate due to the Covid and low interest rates. I am glad property values are increasing and generating tax income for the state, we are willing to pay our share.

But the new proposal quadruple tax rate is going over the top punishing resident of legal STR, please reconsider the lower rate. My condo at Kuilima is offering a reasonable getaway and sharing the aloha with vacationers, at \$400 a night. Below is a recent review:

5/5 Stayed Jul 2022

WA USA

Traveling with teenage boys and elderly parents. Unit had everything we needed for cooking meals and fun at all the nearby beaches. Air conditioning is only in bedrooms, but there are fans for the beds in the loft area and you can get a very nice cross breeze downstairs by opening up the front door (which has a locked security screen) and back patio. Spent a lot of time on the patio watching birds and people on the adjacent golf course.

Published Aug 19, 2022

Please don't shut out the general public that can not afford \$700-800 a night. Increasing the taxes are going to make it impossible for us the rent at a reasonable rate. I am so glad I can bring generations together to spend special time together.

If your friends and family were visiting where would you recommend if you didn't have space in your home?

Mahalo,
Patrice Kaplan

Name: Priscilla Magallanes	Email: cinomagz@hotmail.com	Zip: 96731
Representing: Self	Position: I wish to comment	Submitted: Aug 23, 2022 @ 09:55 PM

Testimony:

I support a separate tax classification for TVUS as we are not hotels with large mainland or international backing. Local residents with TVUS should also receive an additional tax break since our profits are spent here in Hawaii. I am a retired DOE teacher with a modest investment in a legal vacation rental. This helps me to supplement my retirement income. I pay my TAT & GE & OTAT. Please make sure any decisions on Bill 4 will benefit residents like me.

I appreciate your attention to this matter.

Mahalo & Aloha

Name: Jacquelin Carroll	Email: carroll2@hawaiiantel.net	Zip: 96816
Representing: Self	Position: I wish to comment	Submitted: Aug 23, 2022 @ 10:04 PM

Testimony:

To the O'ahu Budget Committee regarding Bill 4:

We, the undersigned, are owners of a one-bedroom rental unit in Kuilima Estates East inherited from our mother. We are renting it as a short-term unit so we can afford to keep the property and also use it occasionally ourselves. We have been doing this for

several years, which includes paying general excise (GE) taxes, transient accommodation (TA) taxes, and now O'ahu transient accommodation taxes (OTAT). We are concerned about and opposed to a large increase in property taxes because it would likely use up all the profits just to pay it, leaving nothing for property improvements to keep our rental in good shape.

We support a short-term rental (STR) classification, as long as the rate for this classification is reasonable and allows property owners who rent short-term to make a modest profit. Paying the same rate hotels pay would be impossible for us and many other short-term rental owners like us.

We also support the two-tiered proposal, since it will keep basic rental units like ours more affordable for local month-to-month renters and event-displaced residents, as well as transient renters such as traveling nurses, other medical personnel, military, and students.

To more accurately reflect current increases in property values, we request that the STR Tier 1 threshold be set no lower than \$1,000,000. In August, a condominium unit in our complex sold for \$1,026,750, which was \$76,750 over the asking price. Clearly, property prices are rising.

We appreciate your consideration on keeping the tax rates for STRs reasonable, and for increasing the Tier 1 threshold to reflect current and rising property values.

Leyla M. Matsueda & Jacquelin H. Carroll

Name: Michelle Yao	Email: yyao2008@gmail.com	Zip: 96816
Representing: Self	Position: Support	Submitted: Aug 23, 2022 @ 11:03 PM

Testimony:

I strongly support bill 4 CD2, that establishes a separate TVU property class, and a two-tier system for TVU. This is fair and reasonable.

However, i would recommend a further revision to increase the threshold from \$600,000 to \$1M to reflect that the basic TVU properties are not financially burdened.

I would also recommend we increase the threshold for Residential A from \$1M to \$1.25M, to match the median home price increase and alleviate the additional financial burden on landlords who provide affordable long term rentals to locals.

Thanks.

Name: Lillie McAfee	Email: lilliemcafee@gmail.com	Zip: 96825
Representing: Self	Position: I wish to comment	Submitted: Aug 24, 2022 @ 03:29 AM

Testimony:

Mom and Pop vacation rentals do not need to be taxed like hotels--just tax us as normal residential homes--that is all we are--just trying to make ends meet.

Name: Farrah Larson	Email: northshore198@gmail.com	Zip: 96731
Representing: Self	Position: I wish to comment	Submitted: Aug 24, 2022 @ 04:08 AM

Testimony:

As an existing NUC holder that has always paid my STR taxes and budgeted for the existing fees and property taxes, I find that all the additional costs recently being added to my unit are unfair. With the recent addition of fees with the last bill, increase in STR taxes and now additional property taxes, I want to know why you are punishing the legal owners who have always been in compliance?

With that being said, I'm advocating for a lower tax bracket. We are not hotels and do not bring in the additional revenue that hotels do. We don't have restaurants, activities, conference rooms or any other revenue stream. In addition, with the new registration fees that we have to pay that hotels do not, it is not realistic to have us pay the same PTR as the hotels. This would

put the hotels at an unfair advantage.

In addition, the tiers need to be carefully reviewed. I own a small 780 sq ft condo and the prices have gone up significantly. The 1st tier should be well over a million so that our property taxes are affordable based on the income we bring in. If the goal of the council is to increase revenue, putting the STRs out of business by all these fees and higher taxes will negate your goal as they will be unable to operate and thus unable to pay.

A recent article in the news has the STR taxes for Oahu as the highest in the world. Our STR taxes have been raised by 3%, Coupled with the new registration fees and now higher property tax rates, this is unsustainable. When does it end? I can't understand why the existing NUC holders have not been grandfathered in and exempt from these costs as we have been operating legally and in compliance. Thank you for your consideration.

Name: Dawn Borjesson	Email: glacierscents@mac.com	Zip: 99801
Representing: Self	Position: Support	Submitted: Aug 24, 2022 @ 05:53 AM

Testimony:

Aloha Chair Say and Council members~

I support the new TVU property tax classification and the two sub-Tiers. This will help ensure property owners are not classified as hotels since they are dissimilar in every way except that they can rent nightly.

I disagree and do not support to the proposed Tier 1 threshold property value of \$600,000. Properties now are finally slowly catching up to what sales (therefore values at what the market has determined) and therefore property values are, rather than 3+ years ago. It is unreasonable to expect property owners to pay up to half of their property at a much higher rate since the 2 Tier system is designed to make much higher valued properties pay more and not penalize the lower valued one.

Given that, and recent reporting by the realtors association, news media and others that the average median sales price for similar properties is in excess of \$1,mil I propose the \$600,000 threshold be increased to \$1 million to more reasonably and fairly reflect actual property values. This also has the benefit of not significantly increasing property taxes on STR property owners so they can continue to offer housing to those groups that need short rental options and are not vacationers.

Thank you for your time and consideration on this matter. I appreciate the Chair's efforts to seek a reasonable solution- and hope and strongly support that the threshold will be increased in the final legislation up for a vote.

Mahalo

Dawn Borjesson

Property Owner on the North Shore

Name: Dawn Borjesson	Email: friendsofkuilima@gmail.com	Zip: 96825
Representing: Friends of Kuilima, LLC	Position: I wish to comment	Submitted: Aug 24, 2022 @ 06:00 AM

Testimony:

FOK supports the new property classification for TVUs and the two Tiers as a subcategory.

We do not support the proposed Tier 1 threshold of \$600,00 and strongly urge the committee to increase that property value cut off amount to \$1, million to more reasonably reflect actual property values. Fair treatment of lower valued properties is what we seek so that affordable short term housing can still be available for our non-vacationing islanders.

My oral testimony will include more detail.

Aloha Chair Say and Budget Council Members,

I support Bill 4 and Chair Say's amendment to have two tiers for the new TVU classification.

TVUs have many differences from hotels and should be taxed differently. Having two tiers with a lower Tier 1 rate will allow more affordable units to accommodate marginal renters, displaced residents, traveling nurses and others requiring temporary housing. It is estimated that 50% of the rooms in certain legal STR buildings accommodate these non-vacationers. This is an important component of the island's affordable housing needs. Many of the "newly housed" on our island rely on these week-to-week or month-to-month rentals to put a roof over their heads.

I humbly ask that the Committee reconsider the threshold levels for both the new TVU classification as well as the Res-A class. The original intent of the tiers was to have one tax rate for values below the average and another rate for the portion above that average. The Res-A threshold has not been updated in years while values continue to increase. The latest June/ July sales indicate a \$1,375,000 average value for a single-family residences on the island. **Please consider raising the Res-A threshold to \$1.4m.** I have a long-term rental property whose property taxes nearly doubled this year even though the property is below the island's average value. Increasing the threshold to \$1.4m will help landlords to not pass on these increases to their long-term tenants.

A detailed analysis by Friends of Kuilima shows a weighted average value of STR properties of \$1,095,000. This analysis only includes those exact properties that will be required to register and fall into the new TVU property tax classification. **Please consider having a threshold of at least \$1m for TVU's.**

Lastly, Bill 4 will not go into effect until the 2023/ 2024 tax year. The values mentioned above are for data from 2021/ 2022. It is likely that values will continue to increase. Please consider raising the thresholds so that the taxes are fair and don't cause financial hardship for our landlords and renters.

Thank you for your consideration,



Jill Paulin
Haleiwa, HI