



SENATE COMMITTEE ON GOVERNMENT OPERATIONS

The Honorable Laura H. Thielen, Chair  
The Honorable Lorraine R. Inouye, Vice Chair

SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

The Honorable Glenn Wakai, Chair  
The Honorable Brian T. Taniguchi, Vice Chair

**S.C.R. NO. 139, REQUESTING THE AUDITOR TO CONDUCT A SUNRISE REVIEW  
OF THE REGISTRATION AND REGULATION OF TRANSIENT VACATION UNIT  
OWNERS**

Hearing: Monday, March 25, 2019, 2:45 p.m.

The Office of the Auditor has **no position** regarding S.C.R. No. 139 which requires the auditor to “conduct a sunrise review of the registration and regulation of transient vacation rental owners.” **However, we offer the following comments.**

Pursuant to Hawai‘i’s Regulatory Licensing Reform Act, Chapter 26H, Hawai‘i Revised Statutes (HRS), we are mandated to perform “Sunrise Analyses” of proposed regulatory measures that, if enacted, would subject unregulated professions or vocations to licensing or other regulatory controls. These analyses examine whether regulation is necessary to protect the health, safety, or welfare of consumers of the services and is consistent with other regulatory policies. See Section 26H-2, HRS.

However, S.C.R. No. 139 requests a sunrise analysis of proposed regulations which would require the “registration and regulation of transient vacation units” and the creation of a “transient vacation rentals database” that “would help identify properly registered transient vacation units.”

If the purpose of the proposed regulations is primarily to help identify properly registered transient vacation units, we have concerns that this suggests the regulation on the use of property rather than the regulation of a trade, profession, or vocation. Hawai‘i’s Regulatory Licensing Reform Act, Chapter 26H, HRS, speaks to “policies regarding the regulation of certain *professions and vocations* . . . .” Section 26H-2, HRS (emphasis added). While we appreciate the request for additional information about transient vacation rentals and options for enforcement, we don’t believe a sunrise review is appropriate based on the language of S.B. 960.

Thank you for considering our testimony related to S.C.R. No. 139.

**SCR-139**

Submitted on: 3/19/2019 12:55:05 PM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Charles Prentiss	Individual	Support	No

Comments:

Please support this important management proposal. It may be more appropriate to say "short-term rentals" (STR's) rather than just TVU's.

**SCR-139**

Submitted on: 3/20/2019 8:51:30 AM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Stephanie Donoho	Testifying for Kohala Coast Resort Association	Support	No

Comments:

**SCR-139**

Submitted on: 3/23/2019 2:01:02 PM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Scott Foster	Testifying for Hawaii Advocates For Consumer Rights	Support	No

Comments:

Mahalo for supporting this resolution.

**SCR-139**

Submitted on: 3/23/2019 5:19:23 PM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cory Harden	Individual	Support	No

Comments:

Aloha legislators,

About one of every 24 homes in the state is a transient vacation unit (TVU)--about 37,000 statewide. No wonder homelessness is so high, causing misery and draining taxpayer money! Please regulate TVUs.

mahalo,

Cory Harden

**SCR-139**

Submitted on: 3/23/2019 8:42:06 PM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dan Gardner	Individual	Support	No

Comments:

Dear Hawaii Legislators - I am seeking your support for SCR 139 to commence action to curtail the illegal explosion of TVUs in our State. This unconstrained illegal commercial industry a a major factor in the scarce availability of affordable housing in our State. This contributes directly to the increasing numbers of good people who become homeless causing severe distress for them and their families, creating a burden on our social and medical services and State resources. Please vote yes on this resolution and ensure its direction is then carried out swiftly by DCCA. Thank you.

**SCR-139**

Submitted on: 3/24/2019 5:00:15 AM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robin Kaye	Individual	Support	No

Comments:

This is a good and timely idea. On Lana'i, we are being inundated by these tvr dwellings. I hope that this review will not simply look at "Maui Island," but instead look at both Maui AND Lana'i.

**SCR-139**

Submitted on: 3/24/2019 11:32:20 AM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Pauline Mac Neil	Individual	Support	No

Comments:

Aloha Chairs Wakai, Thielen and Members of the Energy, Economic Development, and Tourism Committee and Government Operations.

Illegal TVUs systematically remove rental units from residentially zoned areas and increase the cost of remaining housing for locals. We are nearing a housing crisis in Hawai'i that calls for immediate action.

Please support Senate Concurrent Resolution (SCR) 139 that requests a sunrise review of the registration and regulation of transient vacation unit (TVU) owners.

Thank you for the work you do on our behalf.

Pauline Mac Neil  
Kailua, HI 96734

**SCR-139**

Submitted on: 3/24/2019 1:18:00 PM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Neil Frazer	Testifying for Frazer-Frantz Family Hui	Support	Yes

Comments:

The Frazer-Frantz Family Hui strongly supports this resolution. The loss of rental housing caused by illegal TVUs is both a moral and economic crisis.

It is a moral crisis because those most injured by this phenomenon are those least able to defend themselves, or even to testify. It is an economic crisis because TVUs displace other economic activity—businesses cannot find skilled workers to hire because skilled workers cannot afford housing in Hawaii.

If this situation is allowed to persist our shortages of physicians, nurses, teachers, policemen and other essential components of civil society will continue to worsen. Crime rates will continue to increase. Society will increasingly break down. Eventually even our tourism industry will suffer, as our reputation declines and tourists choose safer destinations.

Mahalo to the authors of this resolution!

**SCR-139**

Submitted on: 3/24/2019 2:14:59 PM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
steve villiger	Individual	Support	No

Comments:

**SCR-139**

Submitted on: 3/24/2019 2:24:00 PM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeannine Johnson	Individual	Support	No

Comments:

In a 2016 Hawai'i Tourism Authority study, vacation rentals increased by 34% **per year** between 2005 and 2015 so there are now 45,075 total properties operating as short term vacation rentals. And that 70% of properties listed as vacation rentals in Hawai'i are owned by out-of-state property owners who do not reside in the islands. The continued illegal use of whole houses for short term rentals has turned neighborhood homes into illicit hotels that exacerbate our housing crises.

Please stop the resortification of our neighborhoods and help preserve them for the benefit of residents who live here by supporting an audit of the registration and regulation of TVU owners.

**LATE**

**SCR-139**

Submitted on: 3/24/2019 4:26:30 PM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dennis Nolan	Individual	Support	No

Comments:

**LATE**



*Hawaii's Thousand Friends*

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March 25, 2019

COMMITTEE ON GOVERNMENT OPERATIONS

COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

SCR 139

REQUESTING THE AUDITOR TO CONDUCT A SUNRISE REVIEW OF THE REGISTRATION AND REGULATION OF TRANSIENT VACATION OWNERS

Aloha Chairs Thielen and Wakai, Vice Chairs Inouye and Taniguchi, and Committee Members;

Hawaii's Thousand Friends (HTF), a non-profit statewide organization dedicated to ensuring that land use planning and decisions protect the environment, human health and natural and cultural resources, supports SCR 139 requesting the State Auditor to conduct a sunrise review of the registration and regulation of transient vacation rental owners.

Transient vacation rental owners operate a business and should, like all other businesses in the state, be required to register with the Department of Commerce and Consumer Affairs (DCCA).

Registration as a business with DCCA will help with enforcement against illegal transient vacation operators, which has proven difficult for county planning departments and the State Department of Taxation.

Registration with DCCA will help ensure that transient vacation rental businesses are identified, regulated and licensed as a business.

Transient vacation rentals (TVRs) owners often violate zoning laws and locations are hard to identify.

The 2018 the HTA Visitor Plant Inventory Study found that a supplemental point-in-time analysis was needed to identify the *30,139 individual units advertised* on booking sites-Airbnb, HomeAway, TripAdvisor and VRBO.

The 2018 the HTA Visitor Plant Inventory Study found TVRs grew over 3% to 13,082 units, more than 16% of all the supply of visitor lodging in the state but that the visitor plan inventory survey has likely undercounted due *to complexities of gathering information from this cottage industry*.

The 2018 HTA study reported that near Kahuku there are "roughly 25 individually advertised TVRs for every 100 housing units" and that there are TVRs in almost every ZIP code statewide.

Additional reports have found:

One in 24 homes in the State is being used as a TVR and is withdrawn from the local housing market

On Kauai, 1 in 10 of all housing is rented as a TVR

On Maui, 1 in 7 and, for Lahaina, 1 in 3 units of available housing is used as a TVR

On Maui 52% of homes and 60% of all condominiums are sold to non-residents

Of the approx 9,000 TVRs that are active on Maui, only 223 are legal

66% of nonresidents who own Maui property rent out their units, with only 16.7% renting long-term to residents

27% of Airbnb's revenue comes from operators who rent out 20 units or more

93% of rentals advertised on internet platforms are for entire homes or condos

27% of all homes sold in the state are purchased by non-residents

52% of TVRs are owned by nonresidents and could be much higher

Condominiums account for 23,742 TVRs statewide

Whole houses used as TVRs are about 11,533 and private rooms about 1,997 statewide (HTA 2017). That equals 37,272 units removed from the local housing market.

In 2015 there were 17,000 TVRs statewide.

In 2017 there were 23,000 TVRs statewide. A 35% increase in two years (HTA 2017)

A 2015 study conducted by the Honolulu Office of Community Services found that at 80% occupancy, the *average TVR unit would bring in about 3.5 times more revenue than a long-term rental.*

HTF urges the passage of SCR 139 because transient vacation rentals **are** businesses and should be registered and regulated as such.

**LATE**

**SCR-139**

Submitted on: 3/25/2019 4:40:56 AM

Testimony for GVO on 3/25/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Andrea Davis	Individual	Support	No

Comments: