

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 704
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 704, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO VACATION RENTALS,"

begs leave to report as follows:

The purpose and intent of this measure is to better understand the issue and impacts of online vacation rentals of residential properties and develop strategies to mitigate any adverse impacts caused by this industry.

Specifically, the measure establishes an online vacation rental working group to:

- (1) Develop effective data collection methods that can assist state and county governments in monitoring the impact that short-term vacation rentals have on tax collections, housing stock, and the State's brand as a vacation destination; and
- (2) Create effective proposals that ensure government-subsidized rental housing and long-term leasehold housing remain in long-term rental or eligible rental use for a mandatory time period.



The Department of Business, Economic Development, and Tourism; Kohala Coast Resort Association; Rental By Owner Awareness Association; ILWU Local 142; and one individual submitted written comments in support of this measure. The Department of Taxation and Hawaii Association of REALTORS submitted comments on this measure.

Your Committee finds that more than forty online platforms currently facilitate thousands of short-term rentals of properties within the State, which range from single rooms in private homes to entire villas. Your Committee finds that an online vacation rental working group assigned to help develop effective data collection methods can assist state and county governments in monitoring the impact that short-term vacation rentals have in the State.

Your Committee also finds that short-term vacation rentals present a complex issue that also involves matters not directly addressed in this measure, such as enforcement challenges related to real estate licensing laws and the residential landlord-tenant code.

Your Committee notes that although the online vacation rental working group is administratively attached to the Department of Business, Economic Development, and Tourism, the director of that department is not a member of the working group. Your Committee also notes the recommendation by the Department of Business, Economic Development, and Tourism that the working group be attached instead to the Hawaii Tourism Authority, because the latter agency has extensive experience in collecting visitor industry data.

Your Committee has amended this measure by:


- (1) Expanding the purpose of the online vacation rental working group to include addressing compliance and enforcement challenges, including those relating to real estate licensing laws and the residential landlord-tenant code;
- (2) Making conforming amendments to the purpose section to reflect the foregoing changes; and



- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 704, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 704, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

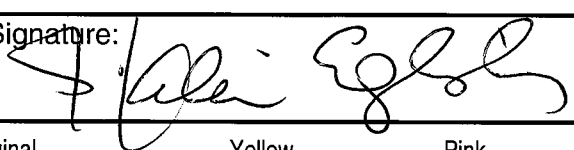


JILL N. TOKUDA, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 704, SD1	ETT/PSM, WAM	27 Feb 2017		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)				/
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.				/
KAHELE, Kaiali'i	/			
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.				/
TANIGUCHI, Brian T.	/			
WAKAI, Glenn				/
TOTAL	7			4
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes