

STAND. COM. REP. NO. **1237**-24

Honolulu, Hawaii

MAR 20, 2024

RE: S.B. No. 2919
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committees on Housing and Tourism, to which was referred S.B. No. 2919, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROPERTY,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the counties to regulate the time, place, manner, and duration in which uses of land and structures may take place;
- (2) Authorize the counties to amortize or phase out transient accommodation uses in residential or agricultural zoned areas; and
- (3) Expand the definition of "transient accommodations" to include certain shelters and vehicles with sleeping accommodations.

Your Committees received testimony in support of this measure from one member of the Maui County Council; Sierra Club of Hawai'i; Puakukui Owners/Residents Neighborhood Organization; International Longshore & Warehouse Union Local 142; Lāhainā Strong; Hawaii Hotel Alliance; UNITE HERE! Local 5; Hawaii's Thousand Friends;

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Hawai'i Alliance for Progressive Action; Save Our North Shore Neighborhoods; Hawai'i Lodging & Tourism Association; The American Hotel and Lodging Association; Hawai'i Hotel Alliance; and numerous individuals. Your Committees received testimony in opposition to this measure from Hawaii First Realty LLC; O'ahu Short Term Rental Alliance; Papakea G205; Hawai'i Mid and Short-Term Rental Alliance; Hawai'i Association of REALTORS; West Hawaii Association of REALTORS; Kapalua Ridge Resort; Essencia Cleaners; Grassroot Institute of Hawaii; Hawai'i Island REALTORS; Kaua'i Board of REALTORS; Kihei Oasis Vacation Rental-Maui; Maui Vacation Rental Association; REALTORS Association of Maui, Inc.; Airbnb; Hawaii Legal Short Term Rental Alliance; IRC Cleaning; Rental By Owner Awareness Association; Ocean Breeze Hideaway; Hodge Capital; Kona Kai LLC; O'ahu Short Term Alliance; Rentals Maui, Inc.; Maui Chamber of Commerce; Beachside Realty, LLC; Kama'āina Occupied Short-Term Rentals O'ahu; Honolulu Board of REALTORS; and numerous individuals. Your Committees received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; Maui Hotel & Lodging Association; Ohana Aina Association; Hale Alana Vacation Rental; Airbnb Public Policy, Hawai'i; and numerous individuals.

Your Committees find that certain transient vacation rental units are permitted to operate in the State through zoning laws adopted in each county. Your Committees further find that other transient vacation rental units continue operating only by virtue of their status as legal, nonconforming uses that have been grandfathered in. This measure is intended to address this legal loophole by allowing the counties to amortize or phase out certain transient vacation rentals.

Your Committees also find that the existing housing supply in the State is insufficient to ensure that residents remain in Hawaii. With more and more residents moving away in search of affordable housing, your Committees believe the State and counties need to be more proactive in increasing the housing supply. This measure clarifies the counties' statutorily granted zoning authority regarding phasing out or amortizing certain vacation rentals and is intended to empower the counties to determine what is in the public good for each respective county, including the flexibility to address community-specific concerns.



Your Committees note the concerns that this measure may have an unintended consequence of taxing houseless individuals who reside in their vehicle by expanding the scope of the transient accommodations tax law to include vehicles with sleeping accommodations. Your Committees further note that under the existing definition of "transient accommodation", individuals who are legally residing in their vehicle would be protected from paying the transient accommodations tax, so long as these individuals are not leasing or letting their vehicle for consideration to a transient for less than one hundred eighty days.

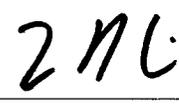
Your Committees have amended this measure by:

- (1) Specifying that transient vacation rental units, rather than transient accommodation uses, may be amortized or phased out in an area of any zoning classification;
- (2) Defining "transient vacation rental unit"; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Housing and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2919, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2919, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Housing and
Tourism,


SEAN QUINLAN, Chair


LUKE A. EVSLIN, Chair



