
A BILL FOR AN ACT

RELATING TO VACATION RENTALS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the increase in
2 popularity of online vacation rental platforms means that some
3 visitors to Hawaii are turning to alternative lodging options,
4 such as short-term vacation rentals, as part of their
5 accommodations to the State. As a result, online vacation
6 rental platforms are disrupting the State's tourism industry and
7 economy, as the owners and operators of some of these short-term
8 vacation rentals are not paying transient accommodations taxes
9 or general excise taxes, resulting in a loss of state revenue.
10 Counties are also losing revenue when an owner of a vacation
11 rental receives "home owners" discounts on property taxes paid
12 for a residential home that is used for commercial purposes
13 without a commercial property rate. Furthermore, some
14 properties that are being leased out as vacation rentals are
15 properties that could have been added to the stock of affordable
16 housing available for lease or sale to Hawaii's residents,
17 thereby ameliorating the State's affordable housing crisis.



1 From a consumer protection perspective, visitors who stay in
2 vacation rentals may not be getting what is advertised, as some
3 vacation rentals are falsely advertised and even unsafe for
4 group occupancy. Unsafe stays and unfavorable reviews or
5 references of such stays can be detrimental to Hawaii's
6 reputation as an elite tourist destination.

7 The legislature further finds that the regulation of short-
8 term vacation rentals has been contentious not only in Hawaii,
9 but other places as well. For example, the city of San
10 Francisco recently passed legislation that subjects hosting
11 platforms, including online vacation rental platforms, to
12 criminal penalties and fines if they provide a booking service
13 for residential units to be used for tourist or transient use
14 without registering with the appropriate government entity. As
15 a result, there is currently pending litigation between online
16 vacation rental platforms and the city of San Francisco in
17 federal court.

18 Because online vacation rental platforms affect state and
19 county interests in many ways, it is critical that data
20 collection on this industry be accurate, timely, and
21 informative. The collection of the transient accommodations tax



1 and general excise tax is the responsibility of the State, but
2 the counties receive a large portion of the transient
3 accommodations tax and the city and county of Honolulu
4 additionally receives most of the surcharge on the general
5 excise tax for a rail transit system. The State has a vested
6 interest in effectively and independently monitoring whether
7 persons engaging in online short-term vacation rentals are
8 paying taxes owed. Additionally, the State and counties share
9 an interest in identifying and tracking the number of housing
10 units that are dedicated to short-term vacation rentals and
11 calculating the projected short- and long-term impacts that
12 these rentals have on existing housing for Hawaii residents.
13 Lastly, better data collection on online short-term vacation
14 rentals will better ensure adherence to laws and codes that
15 protect the safety of occupants and help perpetuate Hawaii's
16 brand as a high-quality and safe vacation destination.

17 The legislature also finds that short-term vacation rentals
18 present a complex issue that also involves enforcement
19 challenges, including those relating to real estate licensing
20 laws and the residential landlord-tenant code.



1 The purpose of this Act is to establish an online vacation
2 rental working group to:

3 (1) Develop effective data collection methods that can
4 assist state and county governments in monitoring the
5 impact that short-term vacation rentals have on tax
6 collections, housing stock, and the State's brand as a
7 vacation destination; and

8 (2) Address compliance and enforcement challenges,
9 including those relating to real estate licensing laws
10 and the residential landlord-tenant code;

11 (3) Create effective proposals in which government-
12 subsidized rental housing and long-term leasehold
13 housing can be assured to remain in long-term rental
14 or eligible rental use for a mandatory time period.

15 SECTION 2. (a) There is established an online vacation
16 rental working group that shall be administratively attached to
17 the department of business, economic development, and tourism.

18 (b) The online vacation rental working group shall consist
19 of the following members:

20 (1) The director of taxation, or the director's designee;



- 1 (2) The director of commerce and consumer affairs, or the
2 director's designee;
- 3 (3) The attorney general, or the attorney general's
4 designee;
- 5 (4) The president and chief executive officer of the
6 Hawaii tourism authority, or the president and chief
7 executive officer's designee;
- 8 (5) A representative of the Hawaii hotel and lodging
9 industry to be selected by the Hawaii Lodging and
10 Tourism Association;
- 11 (6) A representative of the Hawaii Association of
12 REALTORS;
- 13 (7) A representative of Unite Here, Local 5;
- 14 (8) Two representatives from businesses that operate
15 short-term rental internet platforms, to be selected
16 by the governor;
- 17 (9) Two individuals who operate currently licensed short-
18 term vacation rentals in good standing in residential
19 communities in the State, to be selected by the
20 governor;



- 1 (10) Two members of publicly elected community
2 organizations, such as neighborhood boards, who are
3 from communities with a higher-than-average number of
4 vacation rentals listed online, to be selected by the
5 governor;
- 6 (11) One representative from each respective county, to be
7 appointed by its respective county mayor;
- 8 (12) One individual to be appointed by the senate
9 president; and
- 10 (13) One individual to be appointed by the speaker of the
11 house of representatives.
- 12 (c) The members of the online vacation rental working
13 group shall select the chairperson of the working group from
14 among themselves. Members of the online vacation rental working
15 group shall serve without compensation for their service on the
16 working group but may be reimbursed for reasonable expenses,
17 including travel expenses, incurred for serving on the working
18 group.
- 19 (d) The online vacation rental working group shall:
- 20 (1) Develop effective data collection, including:



- 1 (A) Establishing a means by which counties and state
2 government can monitor the number of units being
3 offered as part-time and full-time vacation
4 rentals and the number of multi-unit operators
5 versus in-home operators;
- 6 (B) Projecting growth and locations of vacation
7 rental markets by region; and
- 8 (C) Identifying impacts, if any, on local and
9 regional real estate markets, long-term rental
10 housing availability and rate of rents, and
11 property tax rates;
- 12 (2) Address compliance and enforcement challenges,
13 including those relating to real estate licensing laws
14 and the residential landlord-tenant code; and
- 15 (3) Create effective proposals in which government-
16 subsidized rental housing and long-term leasehold
17 housing can be assured to remain in long-term rental
18 or eligible rental use for a mandatory time period.
- 19 (e) The online vacation rental working group shall submit
20 a report of its findings, recommendations, and proposed
21 legislation to the legislature no later than twenty days prior



1 to the convening of the regular session of 2018, and shall be
2 dissolved on June 30, 2018.

3 (f) The online vacation rental working group may call upon
4 various state and county government entities to assist with
5 gathering information and drafting of its report, including the
6 department of business, economic development, and tourism's
7 research and economic analysis division; housing officers at
8 state and county levels; and planning officials at state and
9 county levels.

10 SECTION 3. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$ or so
12 much thereof as may be necessary for fiscal year 2017-2018 for
13 the online vacation rental working group to perform its duties
14 pursuant to this Act.

15 The sum appropriated shall be expended by the department of
16 business, economic development, and tourism for the purposes of
17 this Act.

18 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Online Vacation Rental Working Group; Establish; Data Collection; Appropriation

Description:

Establishes an online vacation rental working group to 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; address compliance and enforcement challenges; and create effective proposals to ensure certain housing remains in long-term rental or eligible rental use for a mandatory time period. Appropriates funds for the working group to perform its duties. Effective 7/1/2050. (SD2)

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