

STAND. COM. REP. NO. 3292

Honolulu, Hawaii

MAR 22 2024

RE: H.B. No. 1838
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection, Energy, Economic Development, and Tourism, and Government Operations, to which was referred H.B. No. 1838, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ZONING,"

beg leave to report as follows:

The purpose and intent of this measure is to allow counties to enact a zoning ordinance to amortize or phase out nonconforming single-family transient vacation rental units over a reasonable period of time.

Your Committees received testimony in support of this measure from the Office of Hawaiian Affairs, Department of Planning and Permitting of the City and County of Honolulu, two members of the Kaua'i County Council, Hawai'i State Association of Counties, UNITE HERE Local 5, International Longshore and Warehouse Union Local 142, Hawai'i Hotel Alliance, Lāhainā Strong, Sierra Club of Hawai'i, Kohala Coast Resort Association, Housing Hawai'i's Future, Green Party of Hawai'i, Keep it Kailua, Mauka Makai Activities LLC, Hawaii's Thousand Friends, Save Honolulu Coalition, Tagnawa for Maui, Kaibigan ng Lāhaina, AF3IRM Hawai'i, and more than six hundred forty individuals.

Your Committees received testimony in opposition to this measure from the Hawai'i Association of REALTORS; Kama'āina



Occupied Short-Term Rentals O'ahu; Honolulu Board of REALTORS; O'ahu Short Term Rentals Alliance; Realtors Association of Maui, Inc.; Hawai'i Mid and Short-Term Rental Alliance; Maui Vacation Rental Association; Hawaii First Realty LLC; Rental by Owner Awareness Association; Hawaii Legal Short Term Rental Alliance; Maui Chamber of Commerce; and more than two hundred individuals.

Your Committees received comments on this measure from the Grassroots Institute of Hawaii, Maui Hotel and Lodging Association, Avantstay, airbnb, and three individuals.

Your Committees find that short-term transient vacation rentals located in residential neighborhoods can dramatically alter the character and fabric of the area by attracting disruptive visitors and inflating local rental prices. While certain counties have sought to address this issue by enacting ordinances pursuant to their home rule authority relating to zoning, your Committees find that short-term transient vacation rentals in residential-zoned neighborhoods have been permitted to continue operating solely by virtue of their interpreted status as a legal, nonconforming use that has been grandfathered in by statute. Your Committees find that it is necessary to address this legal loophole by allowing the counties to amortize or phase out nonconforming single-family transient vacation rental units over a reasonable period of time, regardless of zoning classification. Therefore, this measure supports the home rule authority provided to the counties and ensures they are able to guide the overall future development of their local jurisdictions in a manner they deem fit, using the tools available to put their general plans into effect in an orderly manner.

Your Committees note that certain counties have already taken action and enacted ordinances to address transient vacation rental units in non-resort areas. Your Committees believe that the counties should continue to exercise their home rule authority to address this issue.

Notwithstanding, your Committees further note that S.B. No. 2919, S.D. 2, Regular Session of 2024 (S.B. No. 2919, S.D. 2), is a substantially similar measure that also amends the zoning authority granted to counties to allow them to regulate short-term transient vacation rentals. Your Committees find that the language in S.B. No. 2919, S.D. 2, which was previously passed by

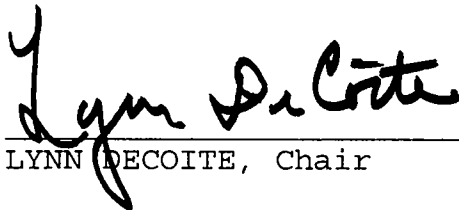


the Senate, is preferable because it provides the counties with more robust authority to regulate by zoning ordinance the time, place, manner, and duration in which uses of land and structures may take place, in addition to allowing counties to amortize or phase out transient accommodations uses in residential or agricultural zoned areas. The language in S.B. No. 2919, S.D. 2, is also preferable because it more directly addresses the prior court ruling that barred the City and County of Honolulu from prohibiting by ordinance certain short-term transient vacation rentals, and expands the scope of the transient accommodations tax law to include certain shelters and vehicles with sleeping accommodations.

Accordingly, your Committees have amended this measure by deleting its contents and inserting the contents of S.B. No. 2919, S.D. 2, and inserting an effective date of July 1, 2040, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection, Energy, Economic Development, and Tourism, and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1838, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1838, H.D. 2, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection, Energy,
Economic Development, and
Tourism, and Government
Operations,


LYNN DECOITE, Chair

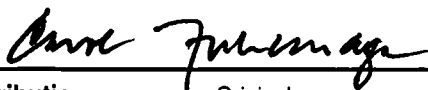

JARRETT KEOHOKALO, Chair


ANGUS L.K. MCKELVEY, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i


Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1838, HD2	CPN/EET/GVO, JDC/WAM	3/20/24		
<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
KEOHOKALOPE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"		✓		
AWA, Brenton	✓			
TOTAL	4	1		
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes

The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1838 HS2	CPN EET GVO, JDC WAM	March 20, 2024		
<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
MCKELVEY, Angus L.K. (C)	✓			
GABBARD, Mike (VC)	✓			
SAN BUENAVENTURA, Joy A.	✓			
WAKAI, Glenn				✓
AWA, Brenton	✓			
TOTAL	4	—	—	1
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				

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