

**ACT 271**

S.B. NO. 633

A Bill for an Act Relating to Bed and Breakfast Operations.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that more than four years after the disaster of Hurricane Iniki, the island of Kauai continues to struggle to revive its lagging economy. Iniki's destruction caused more than \$1,600,000,000 in damages to property and businesses on Kauai. Many hurricane-ravaged hotels were forced to close for repairs, crippling the island's once vibrant visitor industry. In spite of efforts to jump-start Kauai's economy, the island's unemployment rate remains the highest in the State, business confidence remains poor, and several major hurricane-damaged hotels have yet to reopen.

Despite the bleak outlook, business entrepreneurs determined to hasten the island's recovery have begun to explore innovative methods of expanding and

diversifying the island's economy. Kauai's growing bed and breakfast industry is an example of an industry that has contributed immeasurably to the island's recovery. Bed and breakfast operations are generally described as family operations that provide short-term accommodations to guests at affordable rates. These facilities are often located in rural or agricultural areas of the island where visitors can freely engage in hiking, horseback riding, and other nontraditional activities. In other parts of the world, these vacation packages, often referred to as "farm-stays" or "eco-tours", are becoming increasingly popular with tourists seeking "earth-friendly" or "back-to-nature" experiences. Fueled by visitors seeking alternatives to the luxury hotel experience, the number of bed and breakfast operations on Kauai has more than tripled since Hurricane Iniki.

With several major hotels on Kauai still in the process of reconstruction and renovation, bed and breakfast operations have become the only practical means of filling the deficit in the number of rooms available to visitors on the island. In spite of the clear benefits they provide, burdensome regulations currently prohibit these operations in areas where they exhibit the greatest potential to expand.

The purpose of this Act is to authorize the planning commission of any county with a population of one hundred thousand or less to permit, for a period of three years, the establishment of bed and breakfast operations on lands within the agricultural district that are fifteen acres or less in size, where the bed and breakfast operations are accessory or secondary to the agricultural uses of the land.

SECTION 2. (a) Notwithstanding any law to the contrary, the planning commission of any county with a population of one hundred thousand or less, that has suffered a natural disaster qualifying the county for federal disaster relief, may:

- (1) Permit the establishment of bed and breakfast operations on lands within the agricultural district; provided that the land parcels are fifteen acres or less in size and the bed and breakfast operations are accessory or secondary to the agricultural uses of the lands; and
- (2) Grant retroactive approvals, on a case-by-case basis, to all bed and breakfast operations operating on lands within the agricultural district prior to the effective date of this Act; provided that the land parcels are fifteen acres or less in size and that the bed and breakfast operations are accessory or secondary to the agriculture uses of the land.

(b) For the purposes of this Act, "bed and breakfast operation" means a detached single-family dwelling unit that:

- (1) Is occupied and operated by the owner-proprietor or lessee-proprietor;
- (2) Provides accommodations for periods of thirty consecutive days or less to any individual guest for compensation;
- (3) Includes bedrooms, a kitchen, and other living accommodations for the owner-proprietor or the lessee-proprietor; and
- (4) Provides not more than five additional bedrooms for short-term rental to guests.

(c) The authority conferred upon the planning commissions under this Act shall lapse on June 30, 2000.

SECTION 3. This Act shall take effect on approval and shall be repealed on June 30, 2000.

(Approved June 21, 1997.)