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February 3, 2018

TO: The Honorable Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

The Honorable Glenn Wakai, Chair
Senate Committee on Economic Development, Tourism, and Technology

FROM: Mike White
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 5, 2018; TESTIMONY IN SUPPORT WITH COMMENTS OF SB 2963 SD1, RELATING TO TRANSIENT ACCOMODATIONS**

Thank you for the opportunity to testify in **support with comments** of this important measure. The main purpose of this bill is to allow transient accommodations brokers to register as a tax collection agent on in behalf of all of its operators and plan managers with certain requirements.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I support this measure for the following reasons:

1. Illegal transient vacation rentals remain a problem for both the counties and the State. It is estimated that thousands of illegal units are operating throughout the State, with over \$100 million in general excise tax and transient accommodations tax going uncollected.
2. The counties currently have no recourse in preventing transient accommodation brokers from listing illegal rentals. Operators with listings on their platforms are allowed to conceal their rental locations, and operators are not required to prove compliance with local laws. Under these conditions, enforcement has been an ongoing challenge.
3. This proposal creates a clear process for the collection of taxes for online booking sites and requires collection agents to provide verification and a statement confirming compliance with all pertinent state and county land

use and tax laws. **The counties should also be privy to the county related verification information submitted to the State.**

4. It is critical that the information obtained by the State be shared with the counties. This is the only way to achieve comprehensive regulation of short-term rentals.
5. **Key information on operators however, should be available to counties when an online operator registers with the State. Waiting for critical information to be available until an annual or periodic report will unnecessarily restrict county enforcement efforts.**
6. Maui County has made revisions to the Maui County Code to enhance enforcement. A request for proposal was recently issued in attempts to explore more sophisticated short-term rental enforcement options. However, to be successful, it will take not only critical information, but adequate resources to protect legally licensed operators who are paying appropriate taxes and following land use laws. Funding assistance from the State is requested and greatly needed.

For the foregoing reasons, I **support** this measure and I hope that additional elements can be added to strengthen this bill.