

# Action on Transient Vacation Rentals a Must

The problem of illegal vacation rentals and bed-and-breakfast operations in Hawaii has vexed legislators and government regulatory agencies for a while, and particularly in recent years with the emergence of online booking services like Airbnb, VRBO or hometogo.

A 2015 study by the Hawaii Tourism Authority placed the total number of these vacation rentals at 27,000—defined as rented for under 30 days, and with bed-and-breakfasts classified as having the property owner present. On Oahu alone, the city administration has estimated the existence of 10,000 rental units, of which a scant 816 are legally permitted.

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In addition to irritating neighbors with traffic, strangers and parking, most of these operations are avoiding the payment of the state’s transient accommodations tax, commonly called the hotel room tax, and the general excise tax. Uncollected taxes could be as high as \$30 million a year, by some projections.

The Hawaii Lodging & Tourism Association and others have, for three years now, attempted to persuade the Legislature and state administration to adopt legislation that would ensure the collection and remittance of taxes from transient vacation rental brokers like Airbnb on behalf of their operators, and concurrently address transparency, accountability, enforcement and registration to help ensure parity between our traditional brick-and-mortar businesses and transient vacation rentals.

But, for three years now, the state government has failed to come up with a solution. This past year, a measure failed during the conference committee process as the negotiating parties in both chambers could not reach an agreement.

Given this untenable situation, the hospitality industry, through the HLTA, is turning to the county governments



for an answer, in the hopes that county action will spur a similar effort on the part of the state government.

However, I should point out that the

answer is not what the Caldwell administration has proposed despite their best intentions for Honolulu. Mayor Caldwell had recommended a prohibition on short-term vacation rentals in residential areas, but allow unlimited bed-and-breakfast establishments in owner-occupied properties.

The Honolulu Planning Commission, which consists of members that were all appointed by the mayor, rejected his proposal in September. In short, the commission voted unanimously not to recommend the proposal to the City Council. The bill can still go before the council for a vote, but it will require the approval of six of the nine councilmembers instead of a simple majority. We are hopeful that Council Chair Ernie Martin will provide the decisive leadership to get the job done.

Those who favor these rentals argue that it allows homeowners to make a few bucks and give visitors a different vacation experience. Opponents say these operations reduce the availability of housing and create the other problems I noted earlier.

For the hospitality industry, we want a level playing field. We need to ensure that all vacation business operations—from the big resorts, to the small inns, to

## 2019 Na Po'e Pa'ahana Awards

The Hawaii Lodging & Tourism Association's 29th annual Na Po'e Pa'ahana Awards luncheon is set for Jan. 10 at the Sheraton Waikiki Resort Grand Ballroom.

Each year, the HLTA honors individuals who have contributed to the visitor industry through their service, professionalism and spirit of aloha. The awards recognize finalists in groups of small, medium and large-size properties in the following categories:

- Bell/Valet Person of the Year
- Housekeeper of the Year
- Security Officer of the Year
- Front Desk Person of the Year
- Food & Beverage Person of the Year
- Engineer & Maintenance Person of the Year

In the following categories, one group of finalists will be awarded:

- Manager of the Year
- Outstanding Lodging Employee of the Year

For more information, go to [hawaiilodging.org](http://hawaiilodging.org).

the home rentals—play fair and that we all follow the same laws and regulations and pay the same taxes. The incentive for government to act on this is that

there are millions of dollars to collect that would bolster their coffers.

*Mufi Hannemann is president and CEO of the Hawaii Lodging & Tourism Association.*

