

Honolulu, Hawaii

Feb 8, 2007

RE: H.B. No. 1603
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Tourism & Culture, to which was referred
H.B. No. 1603 entitled:

"A BILL FOR AN ACT RELATING TO TRANSIENT ACCOMMODATIONS,"

begs leave to report as follows:

The purpose of this bill is to address the problem of illegal
bed and breakfasts and vacation rental homes by requiring:

- (1) Each county to submit a report to the Legislature prior
to the Regular Session of 2008 regarding:
 - (A) The status of illegal bed and breakfasts and
transient vacation rentals; and
 - (B) A county-wide plan, including policies to implement
the plan, on how to effectively deal with illegal
bed and breakfasts and vacation rental operations;
- (2) The Director of Finance (Director) to immediately
withhold transient accommodations tax (TAT) amounts to
be transferred to a county upon a county's failure to
submit the report within the prescribed time, until the
county submits the report to the Legislature; and



- (3) The counties to increase efforts to enforce applicable state and county laws and ordinances and bring the bed and breakfast and vacation rental operations into compliance.

A concerned individual supported this bill. The Hawaii Hotel & Lodging Association supported the intent of this measure. The Department of Planning and Permitting of the City and County of Honolulu, a member of the Maui County Council, Windward Ahupua'a Alliance, and numerous concerned individuals opposed this bill. The Department of Business, Economic Development, and Tourism, Maui Vacation Rental Association, Keep It Kailua, and numerous concerned individuals submitted comments.

Your Committee recognizes that the issue of illegal bed and breakfasts and vacation rentals is a sensitive matter that evokes passionate responses from both sides of the issue. Your Committee has passed this measure out with the intent of continuing discussion as the bill moves forward in the legislative process. Your Committee encourages the stakeholders on both sides of the issue to work together and with county-related entities such as the Hawaii State Association of Counties to develop ways to address this issue that are acceptable to all parties involved.

Your Committee has amended this measure by:

- (1) Requiring the counties, in their reports, to assess the current licensing application process for bed and breakfasts and transient vacation rentals, including ways to provide more opportunities for individuals and businesses to obtain a license;
- (2) Expanding the scope of the plan required of each county from a county-wide plan to a statewide plan;
- (3) Deleting the provision that requires the Director to withhold TAT amounts transferred to a county upon the county's failure to submit the report within the time prescribed;
- (4) Changing its effective date to January 1, 2025, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for style, clarity, and consistency.



As affirmed by the record of votes of the members of your Committee on Tourism & Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1603, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1603, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Tourism & Culture,



RYAN I. YAMANE Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

Record of Votes of the Committee on Tourism & Culture

Bill/Resolution No.: HB 1603 <i>[Handwritten Signature]</i>		Date: 2/3/07		
Committee Referral: TAC, CPC/JUD, FIN		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommitment for further consideration				
TAC Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMANE, Ryan I. (C)	✓			
2. MANAHAN, Joey (VC)	✓			
3. BERG, Lyla B., Ph.D.	✓			
4. BROWER, Tom				✓
5. CHANG, Jerry L.	✓			
6. HANOHANO, Faye P.	✓			
7. HERKES, Robert N.	✓			✓
8. TSUJI, Clift	✓			
9. WAKAI, Glenn	✓			
10. YAMASHITA, Kyle T.	✓			
11. CHING, Corinne W.L.				✓
12. MARUMOTO, Barbara C.		✓		
TOTAL	✓	1		3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <i>[Handwritten Signature]</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				