

BF Committee

From: Steve Slater <steve@vcasa.net>
Sent: Thursday, November 02, 2017 1:38 PM
To: BF Committee
Subject: Our STPH Business

Just thought I should point out:

We got permit number 2013/0011 Our gross Intake for our 'Hotel' was \$30,346 for 2015 and only \$15,238 net. For 2016 we had \$52,532 gross and \$32,361 net. This is for our 'Investment Property', the main house of what used to be one property before we did an agricultural comdo division of this house and the Ohana, so my Sister could get a separate mortgage and thus save our family land. Short term rental has been necessary for us because we only have catchment water. We cannot buy county water or exercise the water rights on our deed (for fear of dealing with EMI). Short term renters use much less water and we can shut off our calendar when our tanks are low.

Not all businesses are the same. We already had the property taxes increased by several thousand dollars. Now it is going to be 14.25% TAT & GET. Those low gross incomes do not include the \$2,200 a month we pay in remaining mortgage on just that half of the property. The amount of hours my Wife puts in to cleaning the beautiful log home goes unpaid. We could put her on our taxes as a separate Independent Contractor and cut our net in half, but so far we have felt ok, losing money on this 'Hotel Business', since we hope that our Daughter and Granddaughter will move back from Oahu one day and take over the log home. (if she can find an accounting position on Maui that gets close to what she has on Oahu).

We have paid all these taxes for years and years. Maui County has taken away our rights to claim a third bedroom, because they lost the blueprints that the previous owner filed in 1999 due to asbestos in the old Wailuku Post Office. So our permit only allows us 4 guests.

We have this beautiful home on 2.6 acres of permaculture and hundreds of species, a real nature preserve, plus another 1.6 on our adjoining TMK. Both the State and County inspectors who came out for our Ag status, commented that we had some of the best qualifying 'nature' Ag they had seen and passed us immediately.

Keep in mind that we compete with a huge amount of non-permitted short term rentals, many of which do not pay taxes. I am not in favor of vicious enforcement like was done some years ago. The process for getting legal has been so expensive and time consuming that I would have a hard time recommending it to a close friend. The County keeps changing the rules and people like us constantly get the short end.

You need to differentiate by income! By number of units.

And by the way, because social media technology is so advanced, it will not be possible to completely control unpermitted rentals. Large fines could scare away small people, but the vacuum will be filled by creative, less ethical opportunists who use connections outside the State and hidden apps/websites to circumvent. Then the small people will pay middlemen even more. The demand for people to people rentals is there, the money for those who have many units and small inexpensive rooms is there. If you do not respect those of us who have been Legal, then we are going to end up with corrupt middlemen who make AirBnB look like saints.

If you, as a council person, actually has read this, please reply back, maybe suggest that other members read what I have to say. Those of us who do not make much money on our rentals are not motivated to sit through the council meetings, but we have valid points.

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