

BF Committee

From: Greg C <gregc@msn.com>
Sent: Wednesday, November 01, 2017 10:32 AM
To: BF Committee
Subject: Strh classification - Nov 3 meeting

To Whom it may Concern;

I am writing you about the Short Term Rental House (STRH) tax rate which you will be considering at your November 3 2017 meeting.

I own a house in Paia. I went through the STRH process because I believe that these vacation rentals should be regulated to make sure they have minimal impact on their neighborhood and are safe for the visitors. Three years ago, STRH were classed as hotels; that didn't stick because, in fact, there are significant difference between STRH and hotels.

I read the October 29 article about the proposal change the STRH tax rate, and then went to the county council website to read the actual proposal. There seems to be an attempt to lump STRH and condos together. Again, there are significant differences between STRH and condos, as many of the people who've commented have made clear. The actual impact of the proposal on STRH owners is unclear, as rates haven't been set. While my house is our part-time home, it's also a business. I am very concerned about the proposal moving forward UNLESS there's a clear understanding of the impact on STRHs on Maui.

I'd like to discuss the impact of my STRH.

My STRH provides real money to Maui and the state. I looked at my records for the last year, and I made no profit last year, between depreciation and expenses. At a guess, at least 80% of my "income" was used to maintain my house to the standards required by STRH regulations and visitor preferences. That means that I hire people to maintain the house, including cleaners, painters, gardeners, exterminators and so on. I also spend a lot of money at Maui stores to purchase cleaning, maintenance and building supplies, plus home furnishings and appliances. In addition, I pay Transient Accommodation Tax and General Excise Tax. I've also incurred additional expenses due to the regulations required by my STRH permit, such as yearly permitting fees, extra insurance and taxes. At the same time, I don't get the benefits of condos. My guests are not allowed to have parties. We strictly limit occupancy. If I want to sell my STRH, the STRH status cannot be part of the transaction. Again, there are significant differences between STRH and condos

I won't go into the money that our guests – many of who are here every year – pump into the local economy. They choose to stay in a home rather than a hotel or condo, because the experience is very different. If I raise my prices significantly to cover additional costs, there is no guarantee they will return – and I will not be paying taxes, purchasing goods and services or providing local employment. I don't see this as a win for anyone.

My family began coming to Maui in the early 1990's. Our kids (now 28 and 33) have many memories of time spent there. At that time, we stayed at least a month in short-term rentals homes in neighborhoods on the north shore, which is where we learned to love Maui. Many of our visitors come back every year, because they love the north shore and the ability to stay in a home instead of a hotel or condo. As long as tourism is a primary industry on Maui, I personally think it makes sense to provide a range of housing options for visitors.

Thank you for your time and for considering my comments. Please don't hesitate to contact me if you have questions. I am not able to attend the meeting on the 3rd in person, but am very interested in hearing about your discussion.

Greg Crafts

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