

PSLU Committee

From: Jen Russo <jenrusso@mauivacationrentalassociation.org>
Sent: Tuesday, September 03, 2019 8:44 AM
To: Tamara A. Paltin
Cc: Kelly King; Keani N. Rawlins; Alice L. Lee; Mike J. Molina; Shane M. Sinenci; Yukilei Sugimura; PSLU Committee
Subject: Written Testimony for 9/4/219

Honorable Tamara Paltin, Chair
Planning and Sustainable Land Use Committee
Council of the County of Maui
Wailuku, Hawaii 96793

Aloha Committee Chair and Planning and Sustainable Land Use Committee

Thank you for addressing the need for effective enforcement of illegal vacation rentals in our community. I support this amendment to the civil and daily fines for unpermitted rentals.

Unpermitted rentals have been an issue in our community and we support the efforts to manage illegal vacation rentals. There are a number of issues related to illegal rentals and I believe the community and industry will both benefit from effective regulation of unpermitted short term rentals.

1. Insurance
 - a. These illegal rentals operate under the radar and do not have the proper insurance to protect the people staying in them. This sets up the county for lawsuits regarding injury, liability, and burdens taxpayers.
2. Long term rentals
 - . Unpermitted vacation rentals diminish the number of long term rentals in the market. We know there is a problem with available long term rentals on Maui, and vacation rentals often get the blame. But our existing laws set aside caps and flags for lawful vacation rentals, diminishing their effect on actual long term rentals. We know how many legal permitted rentals exist, but not knowing and not effectively enforcing the illegal vacation rentals puts more stress on the long term rental market.
3. Taxes
 - . Permitted rentals have a specific county real property tax bracket, in addition to paying the TAT and GE Taxes. Illegal rentals do not pay real property tax at the rates applicable for permitted operations, and some even fail to pay TAT and GE taxes. But all of their guests are using the roads, and the public services these tax rates are meant to cover in the community.
 - a. Unpermitted rentals may be qualifying for homeowners exemptions, but if you are permitted rental you cannot get this exemption. That means another loss for county taxes by illegal rentals.
 - b. The county has a responsibility to eliminate unpermitted short term rental uses as this is unfair to permitted operators who have paid more than \$10 million in additional real property tax and hundreds of millions in GE and TAT taxes since the STRH ordinance was passed in 2012
4. Unfair competition
 - . Illegal rentals do not pay the higher taxes and therefore can post cheaper rates. This creates confusion in the market as guests stay at legal and illegal rentals on Maui. They don't understand why one would pay taxes and yet another does not.
5. Dangerous accommodations
 - . Our permitting process includes the inspections necessary for safety and proper vetting for parking and all other aspects of running a vacation rental. These illegal accommodations do not, and can be unsafe, unclean, and create hazardous conditions for guests.

This amendment does not mandate the department use these higher fines, but it leaves it to the discretion of the department. How will the department be reporting these occurrences? Is the department continuing to utilize a third party contractor to identify offenders? What has the effect of the three positions (two zoning inspectors, and one clerk) hired by Council funding in 2018 been?

According to the correspondence from Planning Department dated 1-18-2019 to the planning committee, 14 violations went to Corp Counsel and \$34,000 in fines were collected, out of 188 notices of violation. How do we find out more about the other violators? Can we confirm that they have ceased?

We believe steps toward effect enforcement is a positive step towards making our important Maui Vacation Rental industry more successful for Maui and our community. We really appreciate your time in researching the issue and making the best use of county efforts to control unpermitted short term rentals.

Thank you for taking the time to consider my testimony.

Best,

Jen Russo
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