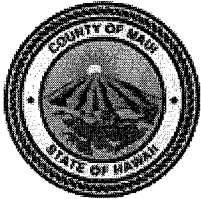


## PSLU Committee

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**From:** Kelly King  
**Sent:** Wednesday, September 04, 2019 10:59 AM  
**To:** PSLU Committee  
**Subject:** FW: Enforce existing County rules regarding illegal Bed & Breakfasts and Short Term Vacation Rentals

With Aloha,



**Office of Council Chair Kelly T. King**

South Maui Residency  
Office: 808.270.7108  
200 South High Street, 7<sup>th</sup> Fl  
Wailuku HI 96793  
[mauicounty.us](http://mauicounty.us)

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**From:** RPC Oswald <[rpc.oswald@gmail.com](mailto:rpc.oswald@gmail.com)>  
**Sent:** Tuesday, September 3, 2019 12:41 PM  
**To:** Alice L. Lee <[Alice.Lee@mauicounty.us](mailto:Alice.Lee@mauicounty.us)>; Keani N. Rawlins <[Keani.Rawlins@mauicounty.us](mailto:Keani.Rawlins@mauicounty.us)>; Kelly King <[Kelly.King@mauicounty.us](mailto:Kelly.King@mauicounty.us)>; Mike J. Molina <[Mike.Molina@mauicounty.us](mailto:Mike.Molina@mauicounty.us)>; Riki Hokama <[Riki.Hokama@mauicounty.us](mailto:Riki.Hokama@mauicounty.us)>; Shane M. Sinenci <[Shane.Sinenci@mauicounty.us](mailto:Shane.Sinenci@mauicounty.us)>; Tamara A. Paltin <[Tamara.Paltin@mauicounty.us](mailto:Tamara.Paltin@mauicounty.us)>; Tasha A. Kama <[Tasha.Kama@mauicounty.us](mailto:Tasha.Kama@mauicounty.us)>; Yukilei Sugimura <[Yukilei.Sugimura@mauicounty.us](mailto:Yukilei.Sugimura@mauicounty.us)>  
**Subject:** Enforce existing County rules regarding illegal Bed & Breakfasts and Short Term Vacation Rentals

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:

My wife Stephanie and I own, reside-at, and operate our Tranquil Palms B&B in Haiku.

Mahalo for addressing the need for effective enforcement of illegal vacation rentals in our community.

We support this amendment to the civil and daily fines for unpermitted rentals.

Unpermitted rentals have been an ongoing 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 how they hurt the legal vacation rental industry and Maui County in general:

### **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.

Our existing laws cap the maximum numbers of lawful vacation rentals – and EVERY illegal vacation rental flouts these laws.

Instead of punishing the legal and licensed vacation rental industry, County enforcement should prioritize an enforcement crack-down on the ILLEGAL operators first.

### **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.

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.

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

### **Unfair Competition**

Illegal rentals do not pay the higher property 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.

### **Insurance**

These illegal rentals operate under the radar and therefore are not required to have the insurance that legal and licensed operators must have. Obviously unfair to legal operators.

### **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.

### **Questions Regarding the Amendment**

This amendment does not mandate the Department impose 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?

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.

Thank you for taking the time to consider this written testimony.

With kind regards,

Robert Oswald  
Tranquil Palms  
4356 Opana Pl  
Haiku HI 96708

808.868.6206  
RPC.oswald@gmail.com  
TranquilPalmsMaui.com

