

Bill 41 Passes: Waikiki Banyan News Bulletin

Waikiki Banyan AOA Board of Directors

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1 Bill 41 Passes City Council

On Wednesday Bill 41 passed 3rd and final reading at the Honolulu City Council by a vote of 8-1. The Bill now goes to Mayor Blangiardi for signature, a virtual certainty. After that, the Department of Planning and Permitting (DPP) will have 180 days to come up with an implementation plan and rules. The Bill will then take effect.

Despite considerable controversy and quite a few questions and objections, Bill 41 retains the specific exception allowing the Banyan (and the Sunset) to engage in short-term rentals.

This stops well short of full victory, however it is likely that Banyan property values will be preserved with the threat of not being able to do short-term rentals now removed.

2 Issues with Bill 41

Here is a quick summary of the major issues for us under Bill 41.

- If you don't have a NUC, you will have to register as a TVU and pay a \$1,000 application fee and \$500 per year for annual renewals. There is a lot of paperwork involved in both the application and the renewals.
- Occupancy appears to be limited to four adults, but this requires clarification. It will be an issue if you're advertising a capacity of five or six for your unit. Counting of children is unclear.
- You will have to carry \$1 million in commercial insurance, however you will be allowed to get this through your rental platform, if they offer it.
- Property tax issues are discussed below.

3 Real Property Tax and Bill 4

In earlier drafts of Bill 41, TVUs would have to pay property tax at the hotel/resort rate, which is about four times the residential rate. But all of this was removed, and Bill 4 was drafted. Bill 4 hasn't yet moved forward, but it also calls for TVUs to be taxed at the hotel/resort rate.

Discussion on Wednesday at the City Council brought forth the idea of a special TVU rate that would be more than the B&B rate but less than the hotel/resort rate. That would fall into the range of three times the residential rate. We will have to see if that gets incorporated into Bill 4.

4 What's Ahead

Bill 41 is now fact, and the Banyan's ability to continue with short-term rentals remains intact. However until DPP drafts its implementation plan and rules, we'll have to keep an eye on things. Various groups opposed to Bill 41 have also promised lawsuits, and that could become something of a wild card. However our legal stay of enforcement of current law remains in place during any sort of interim period.

Our focus, though, must turn to Bill 4 and an attempt to avoid a quadrupling of property tax for the large majority of our owners, who engage in short term rentals.

We'll keep you posted in the days ahead.

By Bob Newell, President, with editorial input from Cathy Panizzi, Secretary and Mo Schreiber, Treasurer