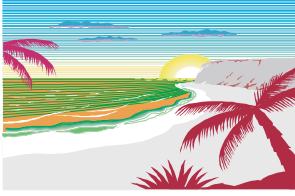


# IMANAKA KUDO & FUJIMOTO



## HAWAII VACATION OWNERSHIP FAXLETTER

An Update on Vacation Ownership Issues in Hawaii

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### UPDATE ON BILL 48: SEPARATE REAL PROPERTY TAX CATEGORY FOR TIMESHARES (Honolulu)

In our July 2005 edition of the Hawaii Vacation Ownership Faxletter, we advised readers of Bill 48, a measure before the Honolulu City Council that seeks to create a new real property tax classification for timeshares. Under the current law, timeshares are taxed under hotel and resort tax rates. On August 10, 2005, this bill went before the full Council where testimony concerning this bill was heard. Currently, this bill has been re-referred to the Budget Committee, and is pending action in the Budget Committee. The entire text of this measure can be obtained at [http://www4.honolulu.gov/docushare/dsweb/Get/Document-35589/0m83x7\\_m.pdf](http://www4.honolulu.gov/docushare/dsweb/Get/Document-35589/0m83x7_m.pdf). The status of Bill 48 can be monitored at <http://www4.honolulu.gov/docushare/dsweb/View/Collection-546>.

### BILL 54: SEPARATE REAL PROPERTY TAX CATEGORY FOR TRANSIENT VACATION UNITS (Honolulu)

Bill 54, introduced on August 25, 2005, proposed to create a new real property tax category for "transient vacation units" that would include hotels and timeshare. This measure was never presented to the Honolulu City Council for first reading, and no further action has been taken. The entire text of this measure can be obtained at <http://www4.honolulu.gov/docushare/dsweb/Get/Document-37673/0rv8l9rb.pdf>. The status of Bill 54 can be monitored at [http://www4.honolulu.gov/docushare/dsweb/Get/Document-37669/BILL054\(05\).htm](http://www4.honolulu.gov/docushare/dsweb/Get/Document-37669/BILL054(05).htm).

### BILL 60: SEPARATE REAL PROPERTY TAX CATEGORY FOR RESIDENTIAL VACATION UNITS (Honolulu)

Bill 60 proposes to create a "residential vacation unit" real property tax. For purposes of this bill, "residential vacation unit" means a dwelling or lodging unit in a residential zoning district and used to provide lodging, for compensation, to transient occupants for less than 30 days. This bill is specifically limited to vacation rentals in residential zoned districts, and, therefore, does not affect timeshares (which may only exist in hotel or resort-zoned areas). This bill passed first reading on September 28, 2005, and was heard by the Honolulu City Council Budget Committee on October 5, 2005, where it was noted that Bill 60 is specifically limited to capture vacation rentals in residential areas, and thus, *would not affect timeshares*. Bill 60 is currently pending action in the Budget Committee. The entire text of this measure can be obtained at <http://www4.honolulu.gov/docushare/dsweb/Get/Document-38189/0v0c3grc.pdf>. The status of Bill 60 can be monitored at [http://www4.honolulu.gov/docushare/dsweb/Get/Document-38188/BILL060\(05\).htm](http://www4.honolulu.gov/docushare/dsweb/Get/Document-38188/BILL060(05).htm).

### RESOLUTION 05-284: ESTABLISHING A HOTEL CONVERSION PERMIT SYSTEM (Honolulu)

This resolution proposes to amend the Revised Ordinances of Honolulu, Land Use Ordinance, to establish a hotel conversion permit

system. The purpose of this measure is to assure that a sufficient number of hotel guest rooms remain available to meet the needs of transient guests in the City and County of Honolulu, and to regulate conversions of hotels to condominium use. This resolution was heard by the Honolulu City Council Zoning Committee on October 4, 2005, and is currently pending action in the Zoning Committee. The entire text of this measure can be obtained at <http://www4.honolulu.gov/docushare/dsweb/Get/Document-37421/0rhwg5db.pdf>. The status of Resolution 05-284 can be monitored at <http://www4.honolulu.gov/docushare/dsweb/Get/Document-37424/RES05-284.htm>.

### BILL 76/ORDINANCE 3227: MAUI COUNTY SEPARATE REAL PROPERTY TAX CATEGORY FOR TIMESHARES

In 2004, Maui County Council adopted Bill 76, effectively becoming Ordinance 3227, which created a new real property tax classification for timeshares. The Maui County Council then established the real property tax rates for timeshares at \$14 per \$1,000 of value, far less than what was originally proposed, but still resulting in a hefty increase in taxes for timeshare properties. This ordinance became effective as of January 1, 2005. The text of this measure can be obtained at [http://www.co.maui.hi.us/files/ordinance/LF-Ord3227\\_tnrfcywqp.pdf](http://www.co.maui.hi.us/files/ordinance/LF-Ord3227_tnrfcywqp.pdf).

### 2006 MAUI COUNTY LEGISLATIVE PACKET

For the 2006 Legislative Session, Maui County is in the preliminary stages of proposing to amend Hawaii Revised Statutes, Chapter 514E (State law), to authorize the counties to establish a timeshare zoning district. On November 1, 2005, this proposal was heard by the County Council Committee of the Whole, and passed out of committee with a recommendation to the Maui County Council to include the proposal in the 2006 Maui County Legislative Packet. Expect a likely session at the Legislature in 2006.

‘A‘ohe pu‘u ki‘eki‘e ke ho‘āo ‘ia e pi‘i  
No cliff is so tall that it cannot be scaled.  
No problem is too great when one tries hard to solve it.

*The information provided herein is provided without a fee for the use of our clients and does not offer any specific legal advice or counsel on any issue discussed herein.*

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