

June 2, 2025

Mr. David Edmonson
Senior Vice President, State Policy & Government Relations
TechNet
4633 Old Ironsides Drive, Ste 320
Santa Clara, CA 95054

Dear Mr. Edmonson,

Hawai'i County is currently considering new regulations on short-term rentals. TechNet has asked Kloninger & Sims Consulting to analyze the 2023 economic and fiscal impact of Hawai'i County's vacation rental industry. This report summarizes our findings.

Thank you for the opportunity to study this important issue.

Regards,

A handwritten signature in black ink, appearing to read 'Erik Kloninger', written in a cursive style.

Erik Kloninger
Kloninger & Sims Consulting LLC

Background

Visitor spending is a major driver of Hawai‘i’s economy. During 2023, visitors spent \$20.8 billion, according to the State of Hawai‘i Department of Business, Economic Development & Tourism (“DBEDT”). Tourism is Hawai‘i’s largest export sector, representing 17.2% of the state’s GDP when including direct and indirect spending, rising to 23.6% when induced spending is included, according to the most recent DBEDT analysis.

In recent years, increasing numbers of Hawai‘i visitors have chosen to stay in vacation rentals. While vacation rentals have long been a component of Hawai‘i’s accommodation mix, the advent of vacation rental platforms such as Airbnb and VRBO has contributed to the growth of Hawai‘i’s vacation rental market. Our analysis of vacation rental visitors’ spending provides an understanding of the role that vacation rentals play in Hawai‘i’s visitor industry.

Hawai‘i County has had a short-term rental licensing system in place since 2019. Recently, the county has been considering changes to the program for licensing short-term rentals, specifically a new requirement that would require hosted short-term rentals to be licensed. TechNet has asked us to study the economic and fiscal impact Hawai‘i County short-term rental market.

Key Findings

- Visitors staying in short-term rentals represent a significant share of the state’s total tourism market, with visitors staying in short-term rentals spending an estimated \$6.1 billion in 2023.
 - On any given day in 2023, about 29.6% of the visitors in the state stayed in a vacation rental.
 - Short-term rental visitors likewise represent a significant share of Hawai‘i County’s visitor spending, which totaled \$1.3 billion in 2023. This visitor spending translated to \$2.4 billion in total economic activity on Hawai‘i Island during the year, as well as an estimated 14,200 jobs on the island.
 - Spending by Hawai‘i Island short-term rental visitors in 2023 generated an estimated \$24.8 million in County General Excise Tax (“GET”) and Transient Accommodations Tax (“TAT”).
 - Proposed new regulations on short-term rentals that reduce the supply of rentals will likely have a negative effect on the visitor spending, employment and taxes generated by visitors staying in short-term rentals on Hawai‘i Island. The magnitude of the impact can be better quantified once a there is a specific policy change being considered.
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2023 Hawaii Vacation Rental Visitor Arrivals

In 2023 the State of Hawai‘i welcomed about 9.5 million visitors, which translated to about 85.6 million visitor days. Vacation rental visitors accounted for 25.4 million visitor days statewide, or 29.6% of the state’s visitor market. Vacation rental visitors accounted for 17.7% of visitor days on Oahu during the year, the lowest share among the counties. Hawai‘i Island had the highest vacation rental market share in 2023, representing 43.7% of the market. For the purpose of this study, we have defined Vacation Rental visitors as visitors who indicated that they stayed in either a Rental House, Bed & Breakfast, Private Room in a Private Home, Shared Room in a Private Home or Vacation Rental Condo.

**2023 State of Hawai‘i Visitor Days, Vacation Rental Visitor Days
by County & Share of Vacation Rental Market**

County	Total Visitor Days	Vacation Rental Visitor Days	Vacation Rental Visitor Days Percent of Total
Oahu	40,627,690	7,171,614	17.7%
Maui	20,478,555	7,972,472	38.9%
Kauai	10,544,252	4,132,337	39.2%
Hawai‘i Island	13,945,651	6,092,977	43.7%
State	85,596,149	25,369,399	29.6%

Source: Kloninger & Sims analysis of DBEDT data

At \$2.9 billion, lodging spending accounted for the largest share of the \$6.1 billion in 2023 statewide spending by visitors staying in a short-term rental, followed by food and beverage spending at \$1.3 billion.

2023 Total State Vacation Rental Visitor Spending by Category

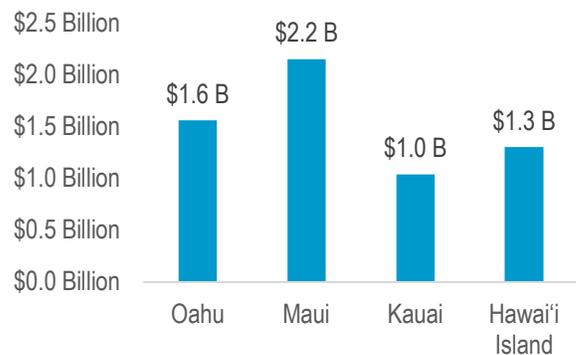
Category	2023 Vacation Rental Visitor Spending
Lodging	\$2,939,800,000
Food & Beverage	\$1,274,700,000
Entertainment	\$570,200,000
Transportation	\$706,700,000
Shopping	\$524,500,000
Other	\$54,700,000
Total	\$6,070,400,000

Source: Kloninger & Sims analysis of DBEDT data

2023 Visitor Spending by County

Maui County vacation rental visitors spent an estimated \$2.2 billion in 2023, followed by Oahu’s vacation rental visitor spending of \$1.6 billion. We note that spending in Maui County achieved the highest vacation rental visitor spending despite the temporary pause in tourism to West Maui following the catastrophic wildfire that destroyed Lahaina on August 8. Governor Josh Green paused West Maui tourism following the fire, with a phased reopening that started in October. Spending by vacation rental visitors topped the \$1 billion mark on both Kauai and Hawai’i Island.

2023 Total Vacation Rental Visitor Spending by County

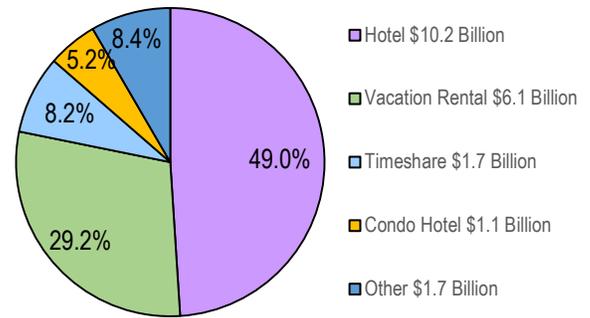


Source: Kloninger & Sims analysis of DBEDT data

2023 Statewide Visitor Spending by Accommodation Type

Visitors spent \$20.8 billion in the State of Hawaii in 2023. Visitors staying in hotels accounted for the largest share of the spending, 49.0% of the total. Vacation rental visitors spent an estimated \$6.1 billion, or about 29.2% of all visitor spending for the year. Timeshare visitors accounted for 8.2% of spending, while Condo Hotel visitors accounted for 5.2%.

2023 State of Hawai'i Visitor Spending & Share by Accommodation Type

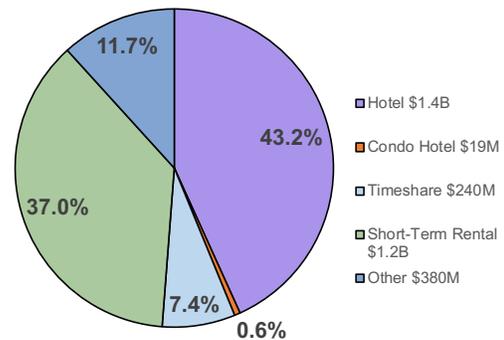


Source: Kloninger & Sims analysis of DBEDT data

2023 Hawai'i Island Visitor Spending by Accommodation Type

Spending by visitors staying in a short-term rental accounted for 37.0% of Hawai'i Island's total visitor spending in 2023. Hotel visitor spending represented the largest share, at 43.2%

2023 Hawai'i Island Visitor Spending & Share by Accommodation Type



Source: Kloninger & Sims analysis of DBEDT data

2023 Hawai'i Island Short-Term Rental Visitor Spending by Category

Lodging spending accounted for the largest share of 2023 spending by Hawai'i Island short-term rental visitors, at about \$590M. Food & Beverage (\$276M) and Transportation (\$207M) spending were also large contributors to the \$1.3B in total spending.

2023 Hawai'i Island Short-Term Rental Visitor Spending by Category

Spending Category	2023 Hawai'i Island Short-Term Rental Visitor Spending
Lodging	\$590,100,000
Food & Beverage	\$276,300,000
Entertainment	\$125,700,000
Transportation	\$207,300,000
Shopping	\$92,700,000
Other	\$11,200,000
Total	\$1,303,300,000

Source: Kloninger & Sims analysis of DBEDT data

Economic Impact

Applying the multipliers developed by DBEDT, \$1.3 billion in 2023 spending by Hawaii Island visitors staying in short-term rentals generated \$2.4 billion in total economic activity, \$669 million in personal earnings and supported about 14,000 jobs. The calculations of these figures is in the appendix to this report.

Fiscal Impact

Based on our estimates of 2023 spending by visitors staying in Hawaii Island short-term rentals, we have calculated the associated GET and TAT. According to this analysis, the GET and TAT associated with 2023 spending by visitors staying in Hawai‘i Island short-term rentals totaled \$24.8 million. The table below details the 2023 Hawai‘i Island spending and GET/TAT tax generation by category.

2023 Estimated Hawai‘i Island Short-Term Rental Visitor County Taxes by Category

Hawai‘i Island		3.0%	0.545%	
	2023 Estimated Spend	County TAT	County GET Surcharge	Total Hawai‘i County GET & TAT
Lodging	\$590,100,000	\$17,703,000	\$3,218,259	\$20,921,259
Food & Beverage	\$276,300,000		\$1,506,872	\$1,506,872
Entertainment	\$125,700,000		\$685,537	\$685,537
Transportation	\$207,300,000		\$1,130,563	\$1,130,563
Shopping	\$92,700,000		\$505,563	\$505,563
Other	\$11,200,000		\$61,082	\$61,082
Total	\$1,303,300,000	\$17,703,000	\$7,107,875	\$24,810,875

Source: Kloninger & Sims analysis of DBEDT data

Analysis of Hawai‘i Island Supply of Short-term Rentals

The supply of short-term rentals on Hawai‘i Island increased between 2018 and 2023, as shown in the table below. We note that the supply decreased in 2020 and 2021 before again increasing in 2022 and 2023.

Hawai‘i Island Short-Term Rental Supply

Year	Count
2018	7,051
2019	7,150
2020	6,649
2021	6,616
2022	6,943
2023	8,302

Source: Visitor Plant Inventory

Prior to 2020, the Visitor Plant Inventory included a supplementary analysis of units listed on short-term rental booking platforms. This supplementary analysis provided data on the various types of short-term rentals. In 2019, 28.2% of Hawaii Island’s short-term rental supply consisted of hosted rentals, highlighted in green in the following table.

2019 Mix of STR Types on Hawai‘i Island

	Count	Share
VR House	3,078	39.5%
VR Condo	2,521	32.3%
B&B	69	0.9%
Private Room	1,124	14.4%
Shared Room	30	0.4%
Other	971	12.5%
Total	7,793	100.0%
Estimated Hosted	2,194	28.2%

Source: Visitor Plant Inventory

According to data provided by Hawai‘i County’s Department of Planning & Permitting, there are 4,842 licensed short-term rentals on the island. The total supply of short-term rentals on the island was 8,302 in 2023, according to data from the Visitor Plant Inventory. This implies that there were 3,460 unlicensed short-term rentals on Hawai‘i Island. Of the 3,460 unlicensed short-term rentals, we estimated that this included 2,337 hosted rentals, by applying the 28.2% figure from the detailed 2019 data. Our analysis is summarized in the table below.

Analysis of Current Supply of Hawai‘i Island Short-Term Rentals

Short-Term Rental Unit Types	Count	Share	Source
Licensed			
Has Non-Conforming Use Certificate ("NUC")	932	11.2%	Hawai‘i County DPP
Has No NUC	3,910	47.1%	Hawai‘i County DPP
Total Licensed	4,842	58.3%	Hawai‘i County DPP
Unlicensed			
Estimated Hosted (currently no license required)	2,337	28.2%	Estimate based on 2019 data
Other	1,123	13.5%	Calculated (Total unlicensed supply less hosted supply)
Estimated Total Unlicensed STRs	3,460	41.7%	Calculated (Total STR supply less licensed supply)
Total Short-Term Rentals	8,302	100.0%	DBEDT 2023 VPI (Lighthouse)

Sources: Visitor Plant Inventory, Hawai‘i County Planning Department, Kloninger & Sims

Estimated Impact of Reduction of Hosted & Other Short-term Rental Supply

The proposed bill would require all short-term rentals in Hawai‘i County to be licensed by the county. This would affect the estimated 3,420 unlicensed short-term rentals on the island, which likely include a mix of hosted rentals, properties being rented for more than 30 day periods and properties that are unlicensed and operating in violation of the current law. If the county passes a law requiring all short-term rentals to be licensed, it is likely that some portion of the unlicensed supply will not continue to operate as short-term rentals.

Hawai‘i County passed a 2018 bill regulating short-term rentals, which allowed for the licensing of short-term rentals that had been operating as long as they had been paying their GET and TAT and the property did not have any open building permits. Short-term rental hosts who had not been paying their GET and TAT or whose property included unpermitted construction would not have been able to obtain a short-term rental license and dropped out of the short-term rental market.

It is not known the extent to which any new regulation of Hawai‘i County’s short-term rental market will have on the supply of or demand for short-term rentals on the island, other than that it will likely

reduce the supply of unlicensed short-term rentals by some amount. The table below illustrates the overall impact on the supply of Hawai'i Island short-term rentals if 50% or 100% of the current supply of unlicensed short-term rental units exited the market. If 50% of the island's unlicensed short-term rentals exited the market, the overall supply of short-term rentals would decrease to about 6,600 units or a decrease of 20.8%. If all unlicensed short-term rentals exited, the supply would drop to 4,842 units, or a 41.7% decrease.

Analysis of 50%, 100% Reduction in Supply of Hawai'i Island Unlicensed Short-Term Rentals

Short-Term Rental Unit Types	Baseline	No Reduction in Supply of Unlicensed STRs		50% Reduction in Supply of Unlicensed STRs		100% Reduction in Supply of Unlicensed STRs	
	Count	Count	% of Baseline	Count	% of Baseline	Count	% of Baseline
Licensed							
Has Non-Conforming Use Certificate ("NUC")	932	932	100%	932	100%	932	100%
Has No NUC	3,910	3,910	100%	3,910	100%	3,910	100%
Total Licensed	4,842	4,842	100%	4,842	100%	4,842	100%
Unlicensed							
Estimated Hosted (currently no license required)	2,337	2,337	100.0%	1,169	50%	0	0.0%
Other	1,123	1,123	100.0%	561	50%	0	0.0%
Estimated Total Unlicensed STRs	3,460	3,460	100.0%	1,730	50%	0	0.0%
Total Short-Term Rentals	8,302	8,302	100.0%	6,572	79.2%	4,842	58.3%

Sources: Visitor Plant Inventory, Hawai'i County Planning Department, Kloninger & Sims

Range of Impacts Due to Supply Reductions

The table below applies the overall supply decreases associated with the 50% and 100% reduction in Hawai‘i Island’s supply of unlicensed short-term rentals to the estimated 2023 visitor spending, county TAT & GET, total economic activity and jobs supported by Hawai‘i Island’s short-term rental market. The 50% and 100% decrease of unlicensed short-term rental supply scenarios are illustrative of a range of impacts that might result from proposed supply decreases.

We note that occupancy in Hawai‘i Island’s short-term rental market averaged 47.2%, during the first nine months of 2024, the lowest occupancy rate among the counties. With more than half of the island’s short-term rentals vacant at any given time, it is likely that some of the demand displaced by the reduction in supply will be accommodated by short-term rentals that would have otherwise been empty.

	2023 Baseline Metrics	20.8% Decrease due to Loss of 50% of Unlicensed STRS	41.7% Decrease due to Loss of 100% of Unlicensed STRs
STR Visitor Spending	\$1,303,300,000	(\$271,600,000)	(\$543,200,000)
County TAT & GET	\$24,800,000	(\$5,200,000)	(\$10,300,000)
Total Economic Activity	\$2,433,500,000	(\$507,100,000)	(\$1,014,200,000)
Total Jobs Supported	14,200	(3,000)	(5,900)

Source: Kloninger & Sims

APPENDIX

2017 Condensed Input-Output Transactions Table for Hawaii (in \$million except for employment, which is number of jobs)

Industry	Visitor expenditures	Expenditures Shares	Expenditures (\$ Millions)	Type II final-demand multipliers (from Table 2.4)			Economic Impacts		
				Output	Earnings	Jobs	Output (\$ Millions)	Earnings (\$ Millions)	No. of Jobs
1 Agriculture	26.0	0.14	1.78	2.08	0.70	24.00	3.70	1.24	42.65
2 Mining and construction	0.0	-	-	2.12	0.69	10.70	-	-	-
3 Food processing	65.0	0.34	4.44	2.21	0.50	12.40	9.82	2.22	55.10
4 Other manufacturing	63.0	0.33	4.30	1.34	0.20	4.00	5.77	0.86	17.21
5 Transportation	3,434.7	18.00	234.61	1.89	0.50	9.70	443.41	117.30	2,275.68
6 Information	21.5	0.11	1.47	1.84	0.39	6.90	2.70	0.57	10.14
7 Utilities	0.0	-	-	1.69	0.31	4.60	-	-	-
8 Wholesale trade	125.0	0.66	8.54	1.88	0.50	8.90	16.05	4.27	76.00
9 Retail trade	2,396.3	12.56	163.67	1.85	0.55	14.10	302.80	90.02	2,307.79
10 Finance and insurance	0.0	-	-	2.16	0.54	10.60	-	-	-
11 Real estate and rentals	1,668.6	8.74	113.97	1.55	0.23	4.70	176.65	26.21	535.65
12 Professional services	143.0	0.75	9.77	2.21	0.81	13.90	21.59	7.91	135.81
13 Business services	371.7	1.95	25.39	2.18	0.80	16.90	55.34	20.31	429.05
14 Educational services	162.7	0.85	11.11	2.00	0.86	23.40	22.23	9.56	260.06
15 Health services	172.2	0.90	11.76	2.21	0.77	14.10	25.99	9.06	165.84
16 Arts and entertainment	604.9	3.17	41.31	1.89	0.74	23.30	78.08	30.57	962.62
17 Accommodation	6,461.2	33.86	441.33	2.17	0.57	10.20	957.68	251.56	4,501.54
18 Eating and drinking	1,854.4	9.72	126.66	2.17	0.66	16.80	274.85	83.60	2,127.89
19 Other services	152.2	0.80	10.39	2.37	0.80	17.10	24.63	8.31	177.73
20 Government	96.8	0.51	6.61	1.84	0.79	12.80	12.17	5.22	84.63
Total intermediate input	17,819.2	93.39	1,217.12				2,433.47	668.81	14,165.40
Imports	1,261.7	6.61	86.18						
Earnings (Labor income)									
Compensation of employees									
Proprietor's income									
TOPILS									
Other capital costs									
Total Value added									
Output	19,080.9	100.00	1,303.30						