

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE

Council of the County of Maui

MINUTES

November 17, 2023

Online Only via BlueJeans

RECONVENE: 1:35 p.m.

PRESENT: Councilmember Yuki Lei K. Sugimura, Chair
Councilmember Tasha Kama, Vice-Chair (Out 3:14 p.m.)
Councilmember Tom Cook, Member
Councilmember Gabe Johnson, Member (In 2:48 p.m.)
Councilmember Alice L. Lee, Member
Councilmember Tamara Paltin, Member
Councilmember Shane M. Sinenci, Member

EXCUSED: Councilmember Keani N.W. Rawlins-Fernandez, Member
Councilmember Nohelani U'u-Hodgins, Member

STAFF: James Krueger, Senior Committee Analyst
Kasie Apo Takayama, Senior Committee Analyst (back up)
Carla Nakata, Legislative Attorney
Stacey Vinoray, Substitute Committee Secretary
Jean Pokipala, Council Services Assistant Clerk

Additional staff

Executive Assistants for Councilmember Tom Cook:

Jared Agtunong
Stacy Takahashi

Executive Assistants for Councilmember Gabe Johnson:

Kate Griffiths
Autumn Ness
Axel Beers

Executive Assistants for Councilmember Tasha Kama:

Davideane Kama-Sickels
Lois Whitney
Evan Dust

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

Executive Assistants for Councilmember Alice L. Lee:

Mona Perry
Michele McLean

Executive Assistant for Councilmember Tamara Paltin:

Angela Lucero

Executive Assistants for Councilmember Keani N.W. Rawlins-Fernandez:

Noelani Ahia
Sarah Sexton
Haunani Madela

Executive Assistants for Councilmember Shane M. Sinenci:

Dawn Lono
Gina Young

Executive Assistants for Councilmember Yuki Lei K. Sugimura:

Jordan Helle
Jennifer Matsumoto

Executive Assistants for Councilmember Nohelani U‘u-Hodgins:

Laura McDowell
Susan Clements

Residency Area Office (RAO):

Mavis Oliveira-Medeiros, Council Aide, East Maui Residency Area Office
Roxanne Morita, Council Aide, Lāna‘i Residency Area Office
Zhantell Lindo, Council Aide, Moloka‘i Residency Area Office
Bill Snipes, Council Aide, South Maui Residency Area Office
Jade Rojas-Letisi, Council Aide, Makawao-Ha‘ikū-Pā‘ia Residency Area Office

ADMIN.: Marcy L. Martin, Real Property Tax Assistant Administrator, Department of Finance (BFED-35, -46)
Caleb P. Rowe, Deputy Corporation Counsel, Department of the Corporation Counsel
Rogerene “Kali” Arce, Director, Department of Agriculture (BFED-46)
Koa Hewahewa, Deputy Director, Department of Agriculture (BFED-46)
Maria Zielinski, Budget Director, Office of the Mayor (BFED-48)
Lesley Milner, Budget Specialist, Office of the Mayor (BFED-48)
James “Kimo” Landgraf, Deputy Director, Department of Water Supply (BFED-48)
Ortaine Acidera, Waterworks Fiscal Officer, Department of Water Supply
Patience Kahula, Program Director, Community Development Block Grant, Office of the Mayor (BFED-21(11))
Laurie Fukushima, Specialist, Community Development Block Grant,

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

Office of the Mayor (BFED-21(11))
Chandee Kauhaahaa, Specialist, Community Development Block Grant,
Office of the Mayor (BFED-21(11))
Kristina Toshikiyo, Deputy Corporation Counsel, Department of the
Corporation Counsel

OTHERS: Others ()

PRESS: *Akakū* : Maui Community Television, Inc.

CHAIR SUGIMURA: . . .*(gavel)*. . . Good afternoon, everybody. Good afternoon, everyone. It's 1:35. Welcome to the Budget, Finance, Economic Development Committee. Today is the recessed meeting, November 17th. Thank you, everybody, for coming back. And I hope we all enjoyed the CNHA Conference that ended today. And what a great job they did, right, amazing. Did any of you get a ukulele? They were giving out 100 of them. He's like so amazing, right, that Kūhiō Lewis. Anyway, back to business. Today we are conducting this meeting in accordance with the Sunshine Law. As a reminder, when your name is called, if you are not in the Council Chambers, please identify by name who, if anyone, is in the room with you, in your workspace, or vehicle. Minors do not need to be identified. And first of all, good afternoon, Vice-Chair Kama.

VICE-CHAIR KAMA: Good afternoon, Chair.

CHAIR SUGIMURA: Good afternoon. Good afternoon, Member Paltin.

COUNCILMEMBER PALTIN: Aloha 'auinalā, and chao buoi chieu.

CHAIR SUGIMURA: . . .*(laughing)*. . . Okay, sounds like we better go to Chair Lee. All right, Chair Lee, go for it.

COUNCILMEMBER LEE: Okay. Just in case you go to Vietnam this weekend, you can greet people by saying--am I on? Okay--by saying chao buoi chieu. I'm home in my workspace, alone, nobody here but my little puppy.

CHAIR SUGIMURA: And he wasn't going to talk to you.

COUNCILMEMBER LEE: He was mad.

CHAIR SUGIMURA: He was mad. . . .*(laughing)*. . . .*(inaudible)*. . .

COUNCILMEMBER LEE: She's over it.

CHAIR SUGIMURA: That's pretty cute, she was probably just happy to see you. Good afternoon, Member Cook.

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

COUNCILMEMBER COOK: Good afternoon, Chair, and chao buoi chieu.

CHAIR SUGIMURA: Oh, how do you say it? Oh, you don't know.

COUNCILMEMBER LEE: Chao buoi chieu.

CHAIR SUGIMURA: Chao buoi chieu. Member Johnson is going to join us after 2:30, and I see...I see Member Sinenci. Hi, Member Sinenci.

COUNCILMEMBER SINENCI: Aloha, Chair, and chao buoi chieu to everyone. I'm at my home, virtual tearoom for this meeting, Chair.

**ITEM 35: REAL PROPERTY TAX EXEMPTION FOR PROPERTIES
IMPACTED BY NATURAL DISASTERS OR WILDFIRES**
(BILL 91 (2023); BILL 95 (2023); BILL 102 (2023))

CHAIR SUGIMURA: . . .*(laughing)*. . . For you to graciously serve us some ocha, welcome. All right. So we have Member U'u-Hodgins who's excused from this meeting, and Keani Rawlins-Fernandez excused. Every...and Member Johnson is coming after 2:30. So, thank you, everybody, for being here. This is a recessed meeting, we're going to go on overdrive to try to complete this RPT bill as well as the other things on this ambitious agenda. Yesterday we completed BFED-35, which is the--I'm sorry, wrong one. Yesterday we...we finished--where's my other agenda?--we did broadband, which was done on a Rule 7(B), BFED-21(10). So, thank you everyone, that was kind of long. We got a State-wide view of what was...Hawaiian Tel was doing also. And we started on BFED-35, which is the Real Property Tax Exemptions for Properties Impacted by Natural Disasters or Wildfires. And today we're going to continue on with the rest of the agenda, which is BFED-46, Bill 103, Real Property Tax Rate Tiers and Dedicated Lands for Agricultural Use. We will take that up wonder...once Gabe Johnson does come. Because I think he had a 1:30 to 2:30 meeting, so we'll take that up then after he gets here. And then BFED-108, which is about emergency water rates, and we...the policy that is enabling legislation. Anyway, that's on Bill 108. And also on that, Mister...Deputy Director Landgraf is not going to be available until 2:30, so for that, we'll wait on that also. And then CDBG Grants Cancellation and Reprogramming of Funds, BFED-21(11), that may be the first item we take up on the agenda after we talk about RPT...this RPT bill. So, again, Members, thank you very much for being here. And as we...as...as I discussed yesterday, I sent a letter requesting information from the Department of Finance that would help us understand the impact of the legislation we may move forward. I requested that information by end of day Monday, which is the 20th, and I think having this information will be vital for us before making a decision. Therefore, if Members are agreeable, I would like for us to take up the remaining items on...on the agenda, and return to that at the end of today's agenda if we have time, but

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

with really an understanding--I'd like to take it up--and I'm going to take it up on the 21st at 9:00. So, that's going to be my next recessed meeting, Members. So, 9:00 on the 21st, we'll...I'm saving that day to primarily discuss and try to finalize this RPT bill, and...including the questions that have come up. So, the letter that was sent to Real Property Tax, should I read it? Everybody got a copy of it.

MR. KRUEGER: Chair, the...yes, the letter is finalized and was sent this morning. For the Members' information, it's item 15 on the Granicus file.

CHAIR SUGIMURA: Okay, so number 15. So, let me just read it real fast just to...in case you were at the CNHA Conference and were not able to look at this. So, to assist Committee's deliberation on this matter, may I please request a response to the following, What was the estimated revenue from Real Property Taxes per real property tax classification for properties located in Tax Map...Tax Map Zone 4, Sections 5 and 6, on July 1st, 2023? How many parcels per real property classifications are included in Tax Map Zone 4, Sections 5 and 6? Attached is a map of Lāhainā rezones...re-entry zones for the areas impacted by the August...August wildfires. In reference to this map, please provide by type of zone, open zones, local zones, only zones, and closed zones the following. If Real Property Taxes were not waived by the Mayor, the current estimated revenue from Real Property Taxes per real property classification for properties in each tax of zone; number of parcels per real property tax classifica--real property classifications located in each type of zone; and if Real Property Taxes were not waived, what would the current estimated revenue from Real Property Taxes per real property tax classification from Upcountry properties destroyed by the August wildfires? Please also provide the number of properties by real property classifications. And we asked Marcy if she could provide--or Finance to ask to provide this information by end of day on November the 20th. So, she is with us today by...online, and if anybody wants to add to anything that was sent to her this morning, please let me know ASAP. So, that's this. Tamara, go ahead.

COUNCILMEMBER PALTIN: Thank you, Chair.

CHAIR SUGIMURA: Councilmember Paltin.

COUNCILMEMBER PALTIN: Thank you. Ms. Martin, I was wondering about Mr. Horovitz's testimony about fair and equitable relief across all the categories. And that, I believe, was in Chair Lee's version of the bill, and it's not in the Finance Department's proposed version; is that correct?

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Chair?

CHAIR SUGIMURA: Yes.

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

MS. MARTIN: So, I think that will be the policy set by this body. So, to begin with, the Mayor has waived properties that were completely destroyed for Fiscal '23, '24. And...and at that time, you know, we still didn't know the extent of...of the damage, you know. And at this point, we know more. So, the decisions made, you know, going forward are going to be based on the fact that you...you have more information now, and now you may see other groups of people that need relief, or currently, relief needs to be extended. So, I...I think that that will be handled through revisions to Maui County Code 3.48.230.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: And would...although Chair Lee's version was...was not in 3.48.230...so, if we wanted to do anything, we would have to draft another separate, different bill, and then reintroduce it to the Council, and then re--because...I guess I'm...I'm just a little bit of question of the process because she drafted her bill, I drafted my bill, and Councilmember Sugimura drafted her bill; and then we introduced it at the Council, and then it got referred to this Committee. And then my understanding is, you folks at the Finance Department was like hold up, let's take the parts of your guys' bill, and this is what we have here 3.48.450. And so, the portion where we're deciding if anybody else gets tax relief if their house is still standing, but within the burn zone, you want us to draft another bill under a different section and reintroduce it at the Council and re-get it transferred to this Committee? Or as part of Committee work can we add a section...or add a bill up straight to the Committee under 3.48.230? Just trying to ask--I guess maybe that's not a question for Ms. Martin, but a question for you?

CHAIR SUGIMURA: For us, yes...yes. So, this is what I would like to propose--because that came up yesterday in discussion about--those things would be applicable under 3.48.230, Damage or Destruction by Disaster. So, that's already in Code. And so, at the appropriate time, which I thought maybe we could take it up on the 21st, then I have possible ASF that would include that language to take it up.

COUNCILMEMBER PALTIN: So, I...I guess the question is, what happened to each of our bills, is it still in play?

CHAIR SUGIMURA: So, the idea with--exactly what you said, is to take each of the bills and...and come up with a proposal, which Finance said that they could implement. They are concerned about the exemptions. And so, therefore, if you want to take up bill by bill, we can take up bill by bill. Is that what you want to do?

COUNCILMEMBER PALTIN: No, I just was trying to understand the process because...or also the concern. Like it seems as though from looking at this bill that Finance drafted for us that was based on our three separate bills, this is where they're focusing in on.

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

CHAIR SUGIMURA: Um-hum.

COUNCILMEMBER PALTIN: And Chair Lee's bill, I think, gave relief to all the categories in the burn...I...I forget because it was a while back but, you know, the folks that are...house is still standing, and that's where they used to live, and they don't...they're not able to live there anymore because there's no water, or electricity, or sewer, or like that. I just was wondering, is the Administration not have any stand on that, like that they should still pay property tax?

CHAIR SUGIMURA: So, bill...Alice...sorry, Chair Lee's bill, Bill 91, establishes a new section 3.48.452 for the exemptions. Exemption is for a property made uninhabitable by damage from wildfire or other natural disaster on or after August 8, 2023, exempt from paying RPT, delinquent taxes, and penalties, last for one year beginning July 1, 2024. And also says, to qualify for the exemption, property must be recorded as uninhabitable in the tax year requested for the exemption. Applicant must own the property as of the date of the disaster, and must submit an application that is approved by the Director of Finance by June 30th, 2024--so, that's the end of this next fiscal year--and allows for the Director to extend the exemption for another year if the property remains uninhabitable. Does that capture it, Alice...Chair Lee?

COUNCILMEMBER LEE: Perfectly. Thank you.

COUNCILMEMBER PALTIN: So, I guess my question is, we had been using the verbiage "uninhabitable," and I seen that the Administration used the word, I think, "inaccessible." And I was wondering if...if that could be explained. As well as I don't understand "the parcel does not sell it as an arm's-length transaction," I don't understand that verbiage as well.

CHAIR SUGIMURA: Ms. Martin, I guess...I guess if you could comment, if I...if I could...because I think I understand what you're asking. So, I did read off what was Chair Lee's bill, and then you hear what Tamara Paltin is asking. And I know that you had said that a lot of the concerns that we had, including my bill, were addressed in 2.48.230 Damage or Destruction by Disaster. So, can you comment on Chair Lee's bill from a...from a Finance Department perspective, and how it was incorporated into the proposed bill that you are...that we're working from, which is your bill? And then I can go over this possible ASF, which I think will answer Ms. Paltin's question...Councilmember Paltin's question.

MS. MARTIN: Okay. Thank you, Chair. So, regarding Bill 91, so that is exempting properties beginning July 1, '24...so, that would be the following year. It could be handled by an exemption. Again, we know it's a large number of parcels, and we know that our application period is short at this time, and we know that...that people who have lost homes have a lot going on, a lot of paperwork. So, we...we could do it this way, by them applying for an exemption; however, it also could be

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

done in a way that we use maybe the re-entry map, right, and we decide if it's those properties that are in those zones that cannot be, you know, lived in--maybe they don't have water, they don't have sewer--the County has all of those maps. It also could be done systematically, not making them reapply. That would be up to...to this body. And what I mean by a nonarm's-length transaction is that my concern is if we don't allow the exemption for properties that sell, there may be cases where it's being sold to a family member. So, an arm's-length transaction is a willing buyer-willing seller for a market value, and we at Real Property determine that every day, that is one of our expertises [sic] here. And so, then that would allow people who are doing nonmarket transactions to keep the benefit. And just because I am...I'm concerned that some of this may be necessary given circumstances of the fire, so I...if properties are being kept in the family, if you would like them to keep the exemption, you would use nonarm's-length transaction. So, those would be my comments, this...our original comments on this stand as well.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: Wouldn't...would a community land trust also considered an arm's-length transaction?

MS. MARTIN: Chair?

CHAIR SUGIMURA: Go ahead. I'm sorry, go ahead, Ms. Martin.

MS. MARTIN: I'm...I'm not quite sure. So, is a community land trust...is that like a nonprofit, or...

COUNCILMEMBER PALTIN: Yes.

MS. MARTIN: So, a transfer from a person to a nonprofit. Okay. Well, this...I will say generally, with real property, we go as of January 1. So, if somebody sells on January 5th, it doesn't impact, you know, the situation on January 1. So, to me, I would say if you own the property on January 1, you would be entitled to the exemption for the whole year, okay. Then if during that year you sold to a nonprofit, then it'll become exempt under our nonprofit section of the Code. Also, you know, I talked about exemptions and the changes I wanted to...or the Department wanted for 3.48.15, you know, there are going to be the...the nonprofits pay minimum tax. So, again, that's all decided on how the...the wording is...is...is handled in the legislation.

CHAIR SUGIMURA: Okay, I'm going to time everyone, three-minute questions. Okay. Go ahead, Chair Lee.

COUNCILMEMBER LEE: Thank you. So, Ms. Martin, you know, I don't mind you...actually, you guys trying to be more efficient in the sense of not taking

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

individual applications, but...but by treating the...the folks who are entitled to exemptions as a group identified in a zone so that's easier for you to administer, I would imagine. But what about somebody who is not in a zone, but who fits the criteria of being entitled to exemption, how do you handle those people?

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Thank you, Chair. So, that would be, I think, Kula.

COUNCILMEMBER LEE: Or anywhere.

MS. MARTIN: Yeah. Well, I think all...right now, all of the Lāhainā properties are in...have a re-entry zone. But generally, if the person felt they were entitled, they would get their assessment notice, they can ask us...do an informal discussion between March 15th and April 9th. And if we felt they should be entitled, then we would grant them an exemption. If there was a disagreement, then they would file an appeal --

COUNCILMEMBER LEE: Okay.

MS. MARTIN: -- and it would be handled through a appeals process. But in...in crafting this legislation, you know, you could leave an application as an option.

COUNCILMEMBER LEE: Okay. All right. Thank you. And that...that's something that we would have to add then. Okay. Thank you.

CHAIR SUGIMURA: Okay. Thank you. Okay, Members, anybody else have any more? You want to...anybody want to add from the letter that is posted in Granicus, number 15? This is what we sent off to Finance, so if any of you have any more questions, if you can send it over to Mr. Krueger or, you know, OCS Staff, and then we can send that on also.

COUNCILMEMBER PALTIN: I had one more question on --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: -- the incentive part of the long-term rentals.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER LEE: If someone signs either a six-year [sic] or a one-year lease--like say, for example, I signed a one-year lease this month, in November, and it goes to the next November...one-year lease. Does that count as a one-year lease to get the long-term rental property tax exemption and rate, or does it...the lease have to be from January to December? Or what...does it matter what months it's over as long as it's a one-year lease and it's recorded by December

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

31st, or January 31st, whatever deadline that you folks put?

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Thank you for that question. So, we are talking to every...people every day about this. So, the one-year lease includes January 1, '24. So, it can start, you know, today and go for a year, or it could start December 31st and...and go for a year. So, that one-year lease gets the full benefit, they get the exemption and the rate. Then the...the six-month lease would allow owners...you know, they would rent it for six months, and then they could rent it six months to a displaced or...and they could stay in for six months, or they could rent it short-term for six months, and so, they would just get the exemption and not the rate. And in fact, just today, I've already spoken with two people who are giving six-month leases at this time for that reason. With that being said, I did learn that some of the workers that are coming over here are also getting the renters, and I don't think they were included in my language. So, I'm not sure if you would just want to open it up to be six months to anybody, and not limit it to the displaced.

COUNCILMEMBER PALTIN: Displaced.

MS. MARTIN: Which is something I learned today.

COUNCILMEMBER PALTIN: And then have you sent out mailers to all of the Minatoya list, or all of the nonowner-occupied homes, like say in Tier I in West Maui, to educate them of the need, one; of the benefit, two; of like, you know, the good karma, three; and all the things? Because it was pointed out that many of these owners don't live locally, and so, they may not be aware of what is going on . . . *(timer sounds)*. . . as we raise...as we discuss taxes. Next year, I imagine the hit is going to be to the nonowner-occupied category. So, if...if they know it's coming, if they're not helping the situation, it would be nice to be able to give them a heads up.

CHAIR SUGIMURA: Are you sending letters, Ms. Martin?

MS. MARTIN: Thank you, Chair. So, we have given them our addresses through the Mayor's Office and to other entities for mailers. And I think probably you should discuss it...you know, ask that question to get specifics from the Mayor's Office. But as far as I know, you know, that is being looked at.

CHAIR SUGIMURA: . . . *(inaudible)*. . . FEMA

COUNCILMEMBER PALTIN: Could you add that --

CHAIR SUGIMURA: Yes.

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

COUNCILMEMBER PALTIN: -- question list, and...but not send it to Ms. Martin, but send it to the Mayor?

CHAIR SUGIMURA: Yes, I think FEMA is sending out letters. So, can you do that? Yeah, good...good question.

COUNCILMEMBER PALTIN: For also the nonowner-occupied, at least Tier I, West Maui or something.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: At the least.

CHAIR SUGIMURA: Nonowner-occupied and --

MR. KRUEGER: Chair?

CHAIR SUGIMURA: Yes?

MR. KRUEGER: Apologies. Just for clarity, could we have the question restated one more time?

COUNCILMEMBER PALTIN: Sure, me?

CHAIR SUGIMURA: Yeah.

COUNCILMEMBER PALTIN: Okay. If...if mailers are being sent out to not only the A-1, A-2, short-term rental properties, but also nonowner-occupied Tier I's in West Maui to educate them, one, of the need; two of the benefits being offered--you know, you could add other things, but also the...the good karma that they'd be generating for themselves in the long run.

MR. KRUEGER: And this is in relation to housing displaced individuals, right?

COUNCILMEMBER PALTIN: In relation to housing displaced individuals at a affordable rate. And it would be, I guess, directed to the Administration if they're planning on doing a mailer like that, or if it's something we as the Council should undertake instead.

CHAIR SUGIMURA: We want them to do it. That would be a huge expense, but I think some...something is being worked on. Okay. Yes...you got it, yeah? Okay, great. And I also would like to...if you could send over an additional letter to RPT, the discussion about 3.48.230 Damage or Destruction by Disaster. And I wanted to suggest maybe your opinion, or your comments, Ms. Martin, about establishing E., a new section, and for it to say, real property that received a tax waiver for being destroyed by the August, 2023rd [sic] wildfires under the second emergency

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

proclamation relating to wildfires shall remain exempt from taxes through December...I'm sorry, June 30th, 2025.

MS. MARTIN: You're going...you're going to draft that and send that to me?

CHAIR SUGIMURA: Yeah, send...send that to you for your comments, and then we can talk about it on the 21st.

MS. MARTIN: Yes. Thank you.

CHAIR SUGIMURA: Okay. And then anything else that...anything else, Members, that you think we should cover? Because we'll talk about this...we'll reconvene this meeting 9:00 on the 21st, and at that time then, Ms. Martin can...will have enough time to answer the questions that I just read, and she can provide us data so that when we look at this policy we understand what we're talking about in terms of what is it...what is the cost to us as a County? Because we all know that, you know, these properties brought in significant amount of real property tax, so it's a huge...it's a huge area. Kula less...less impactful because we don't have as many homes that were impacted, but...okay. You're all fine, Members? I'm going to now...

COUNCILMEMBER PALTIN: I had one other question --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: -- about is the Administration, or is there anything...like, I know you said that you weren't able to retroactively give the benefit of...to short-term rentals that had housed displaced families. Is there any other way to try and...so they wouldn't be paying GET or TAT because they're housing a displaced family; is that correct? Like for no...no cost? Or is there any...any way to...but they were paying the short-term rental rate from August 8th, 9th, 10th or whatever until December 31st maybe, and then they signed a one-year lease and recorded it. But is there anything? Is it just the good karma?

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Chair, thank you. So, exemptions, you know, cannot be applied retroactively. And that's why for the retroactive actions, it's more of a waiver or compromise, which I think should be handled, you know, under 3.48.230. And I...I'm not sure how we'd identify, you know, the amount of the waiver, or the amount of time, and verify who is occupying what between August and December 31st of--I know, you know, many properties and many owners have been generous and helpful.

COUNCILMEMBER PALTIN: So, like it's . . . *(inaudible)*. . . it's not just if they're allowing the person to stay there, this happened in August, which is and...and the

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

property taxes are applied by fiscal year; is that correct?

MS. MARTIN: Chair?

CHAIR SUGIMURA: . . .*(inaudible)*. . .

MS. MARTIN: So, that's a really good question. So, the exemptions go from January 1 to December 30th, so they were impacted for basically August, September, October, November, December, but the...the tax waiver hits the...the fiscal year that is the July 1 through June 30th.

COUNCILMEMBER PALTIN: And...and the waiver is that...to pay?

MS. MARTIN: That's just like a tax credit, like an adjustment to their tax --

COUNCILMEMBER PALTIN: So --

MS. MARTIN: -- not an exemption. . . .*(timer sounds)*. . .

COUNCILMEMBER PALTIN: -- as the exemptions placed January 1st that they are now in the long-term rental tax classification, if they signed a one-year lease starting January, do they pay the long-term rental tax rate instead of the short-term rental tax rate?

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Chair. Yes. So, the catch is they need to apply to get it. So, yes.

CHAIR SUGIMURA: . . .*(inaudible)*. . .

MS. MARTIN: Yes.

CHAIR SUGIMURA: That's why this bill is important.

COUNCILMEMBER PALTIN: And they also have to approve...you guys have to approve right?

MS. MARTIN: Yes...yes.

COUNCILMEMBER PALTIN: Do you have a time --

MS. MARTIN: So, the --

COUNCILMEMBER PALTIN: -- frame of how long that is? Like...

MS. MARTIN: -- so, that's our regular program, you know, we already have about 4,000

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

people in that program, and they need to apply by December 31st, and we get those applications in hopefully by February 1st. So, it's a very busy few months for us. But if we...we were going to extend this new program, the six-month program, I did write a one-month extension into the...the bill, the language that I had submitted. And, you know, we would try to get that in, but if we can't, generally we do, you know, what's called a...a reprint, we would try to get as much as we could in so that when we certify to you all in April, that you can budget for those additional exemptions.

CHAIR SUGIMURA: Okay...okay. So, any other --

COUNCILMEMBER PALTIN: Thank you.

CHAIR SUGIMURA: -- any other comments, questions? The other thing, Ms. Martin, I'm going to send to you is, under 3.48.230 Damage or Destruction by Disaster, besides E. that I read, F. Real Property In...one. re-entry zones x, y, and z. whatever's determined; re-entry zone colored yellow or red; real property or residential re-entry zones that have local access only from 8:00 to 4:00, these are properties that, you know, don't have access except for that time as of November 15th, 2023, so must be exempt from Real Property taxes July 1, '23 to June 30th, 2025. You got that? . . .*(inaudible)*. . .

MS. MARTIN: Yes. Thank you, Chair. Yes, we will review that. And then the numbers that we provide to you on Monday will kind of give you an idea of who's in that category, how much --

CHAIR SUGIMURA: Yes.

MS. MARTIN: -- the taxes are, and...you know, the Administration has learned that those...that group is...is also being dramatically impacted by the...the wildfires. And again, that would be the current year, so that would be a waiver for this fiscal year.

CHAIR SUGIMURA: Okay. Thank you, that's going to be the last thing we'll add to this letter and--did you get that Mr. Krueger?

MR. KRUEGER: Yes, Chair. And...and just...just to clarify, we...so, we already sent the first letter, so...so, this will be like a second letter.

CHAIR SUGIMURA: Yes, addition to. Because Tamara's concerns or questions, and then this, you mind? And then...and then on Monday, when we...when we bring this up again, we can have all of this before us, and have a discussion, along with what the Finance Department is seeing in terms of comments and concerns. So, thank you very much, Members. I'm going to now defer this item, we'll take it up...I'm going to recess this meeting again, and take it up next week, Tuesday at 9:00, which is going to be November 21st at 9:00. Thank you very much,

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

appreciate it.

ACTION: DEFER pending further discussion.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR SUGIMURA: All right. So, this is Mayor Bissen's letter. And before I go on to this, I just wanted to make a comment that I wanted to thank our...our Christmas elf. Do you notice that we have twinkle lights now in the Chamber? Look at that. This is Arthur Suyama working. I don't know when he did it, but thank you very much, Arthur. So, that adds to the Council. And then...I'm going to then move on. It is not 2:30 yet because we do need Gabe Johnson to be here for the Tiered Ag Rate Bill, which is Bill 103, BFED-46. And then also, the other bill, which is regarding water, that Deputy Director Landgraf is not available until 2:30. So, both of them are not available until 2:30.

**ITEM 21(11): COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG):
GRANT CANCELLATIONS AND REPROGRAMMING OF
FUNDS (RULE 7(B))**

CHAIR SUGIMURA: So, I'm going to move forward to CDBG Block Grant. I see Mayor's Office is in the audience, you want to come down and take the table up front here as I introduce the bill. So, Members, BFED 21(11), Community Block Grant (CDBG): Grant Cancellations and Reprogramming of Funds. Opening...that Members, this next item is in discussion with CDBG. In September, we were notified via County Communication 230-23 that CDBG would be cancelling grants and reprogramming funds in response to the August '23 Maui Wildfires. We sent CDBG Program Manager Kahula a letter with questions prior to today's meeting. She submitted her response earlier this week, and those letters are numbers 2 and 3 in Granicus, respectfully [sic]. I felt that this discussion was important to make you all aware, if you are not already informed, of the projects that were cancelled, especially the ones in your District. The Committee is in receipt of a budget amendment, which I have not yet posted. The budget amendment makes changes to the projects as described in this letter, and requests funds for acquisition of property to be used for senior living, so you can explain that to us also. And...however, there are no identified parcels, appraisal, or resolution to authorize an acquisition in the transmittal, so we are looking for that information in order to approve it. Here with us today is Program Manager Kahula, as well as CDBG Specialist Laurie Fukushima, and Chandee Kauhaahaa, to ask them for opening comments at this time. So, Ms. Kahula, please proceed with your comments. Thanks. Is it on, got it turned up? You got to turn the button...press the button. James, can you help her? Yeah, okay, now it's on. Thank you.

MS. KAHULA: Aloha, Budget, Finance, and Economic Development, Chair Sugimura,

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

Vice-Chair Kama, Council Member Lee--Chair Lee, excuse me--Member Paltin, and Member Cook...and I think I saw Member Sinenci as well turn in. I am Patience Kahula, Community Development Block Grant Program Director. To my right is CDBG Specialist Laurie Fukushima, and to my left is Chandee Kauhaahaa. I just wanted to also say that Agnes Hayashi, she couldn't be here today, but she's with the Department of Management, and she's been instrumental in helping us navigate the adventurous world of CDBG. Mahalo for allowing us to appear before you today, and as Chair Sugimura stated, I transmitted my responses on November 14th. And that was in, again, response to the questions presented regarding CDBG Grant Cancellations and Reprogramming. I am here today to present the facts governing my decision, to provide additional information, and I welcome any questions you may have regarding my responses. On August 10, 2023, we received written notification from the U.S. Department of Housing and Urban Development, or HUD, declaring the State of Hawai'i a Presidentially-declared disaster area as the result of the devastation caused by wildfires and wind related to Hurricane Dora. I realize this is a known fact, but I share it because the notification further stated that HUD does not--and I quote, "does not have any disaster grant funds available to aid Maui County at this time," and that's end quote. It further contained an advisement that the County's current CDBG funds may be reprogrammed to assist with disaster recovery efforts.

COUNCILMEMBER LEE: Can't hear anything. Can't hear her.

CHAIR SUGIMURA: Are you okay?

MR. KRUEGER: Chair...Council Chair, can you hear us now?

COUNCILMEMBER LEE: Yes. Thank you, James.

CHAIR SUGIMURA: Okay, is it...I guess, can you speak a little louder? I think --

MS. KAHULA: Louder?

CHAIR SUGIMURA: -- yeah.

MS. KAHULA: Okay, sorry.

CHAIR SUGIMURA: Yeah. Thank you.

MS. KAHULA: Should I start again?

CHAIR SUGIMURA: Did you hear that portion about what HUD said, Chair Lee? Oh, she can't hear. Chair Lee, can you hear us?

COUNCILMEMBER LEE: Yes...yes, she...we stopped hearing her when she started to

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

talk about what...what HUD informed them of after the disaster.

CHAIR SUGIMURA: Oh, okay. So, could you pick up from there?

MS. KAHULA: Okay. I...okay. On August 10, 2023, we received written notification from the U.S. Department of Housing and Urban Development, or HUD, declaring the State of Hawai'i a Presidentially-declared disaster area as a result of the devastation caused by wildfires and wind related to Hurricane Dora. I realize this is a known fact, but I only share it because of the notification further stated that HUD, and I quote, "does not have any disaster grants"... "grant funds available to aid Maui County at this time," and it also contained an advisement that the County's current CDBG funds may be reprogrammed to assist with disaster recovery efforts. The details of this letter were discussed in great depth with our HUD Community Planning and Development representatives, who we may refer to as CPD or HUD CPD. They provided critical technical guidance and advisement regarding reprogramming actions and/or grant cancellations. In my capacity as CDBG Program Director, and along with my Staff, we looked into our own Department, researching opportunities and reprioritizing program objectives for the sole purpose of assisting in recovery. At that time, we came to the realization that the only option to obtain immediate funds were by reprogramming. Internally, we conducted a comprehensive review of current subrecipients to assess project status, productivity, and timeliness in their use of CDBG funds. The details were provided in the attachment entitled, CDBG Grant Cancellation and Reprogramming, transmitted within my response. In summary, the review reflected that as of September 1, 2023, four of five program year '22 recipients had not spent down any portion of their award, resulting in an unspent balance of \$1,478,087. For program year 2023, three of three subrecipients were reviewed, resulting in a total unspent balance of \$1,463,467. Thereafter, I made personal phone calls to each subrecipient's point of contact, many of whom shared their own personal experiences and losses. During these conversations, I introduced the concept of reprogramming and our grant cancellations for the purpose of addressing significant unmet needs for long-term recovery in that disaster-impacted areas for the benefit of low- to moderate-income individuals and their families. Subrecipients were very supportive. We confirmed and...that reprogramming actions would not cause a disruption or loss in services. And of course, all were encouraged to reapply for grant funds in the future. Given the nature of the disaster, special considerations were given to two subrecipients, the first being Maui Fire Department was approved for the acquisition of a fire tanker for Lāna'i. Realizing that the production of a fire tanker spans out to three or more years, MFD was offered a pre-award for program year 2026, and this, of course, would be subject to the County's receipt of a future CDBG award allocated by Congress. MFD actually declined the pre-award, and opted for grant cancellation. Ka Hale A Ke Ola was the second subrecipient with special considerations. They were approved in program year 2023 to rehabilitate four units, and they were not considered for reprogramming because they offer shelter to residents, and also

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

displaced residents. In accordance with our citizen participation plan, notification of CDBG actions were announced by public notice, and a public hearing was conducted to encourage our community at large the opportunity to provide comments orally or in writing. No comments were received. But please allow me to reiterate that reprogramming actions, and untimely...ultimately, voluntary grant cancellations were conducted in an effort to provide immediate relief to wildfire victims. We carefully researched and deliberated over each project, and openly discussed our intentions and objectives with each subrecipient, with our evaluation and decisions centering on making sure that minimum or no impact to the beneficiaries. Also transmitted within my response was a list of CDBG eligible projects or activities, provided per your request. In deciding how the reprogrammed funds would be spent, we again worked closely with HUD CPD to identify an eligible activity or activities that would provide immediate relief without interfering with Federal-driven recovery activities. With the approval of Mayor Bissen, the CDBG program office made the decision to direct reprogrammed funds towards the acquisition of owner-occupied or vacant condominium units. These units will provide permanent, safe, and affordable rental housing opportunities in Lāhainā or the West Side for low- to moderate-income kūpuna displaced by the August '23 Maui wildfires. The resos for the property acquisitions have been transmitted, and I look forward to Council's favorable support. Now, I realize that there may be concerns about my decision to reprogram CDBG funds for disaster recovery, considering the strong potential for the CDBG-DR funds becoming available to the County of Maui. I can confirm that Mayor Bissen and his Administration, including us, of course...we are all well aware of CDBG-DR funds. However, I think it's important to note and mention that CDBG-DR funds are...it's a special allocation, allocated and determined by Congress. There is no application or application process for CDBG-DR funds, nor are...are these funds promised to any County or State. CDBG-DR grantees are actually notified of an allocation through the publishing of a Federal Register notice that would include, of course, the grant amount and spending regulations and requirements. The notice will formally allow grantees to begin the comprehensive process to receiving the CDBG-DR grant funds. When all requirements have been satisfied, CDBG-DR funds are allocated through HUD. As of today, a Federal Register notice for the County of Maui for the August '23 Maui wildfires has not been published. Without formal notification, I am unable to confirm whether...excuse me, when or if the County of Maui will receive a direct special allocation of CDBG-DR funds for the benefit of our island and wildfire victims. In speaking with our sister counties and HUD officials, I am told that even after the Federal Register notice is published, access to the funds are a minimum of 12 months away. Despite the projected timeline, we realize that a substantial CDBG-DR allocation could happen as early as January 2024. In preparation, we--or the CDBG program office--we've been actively working on the development expansion of CDBG-DR, of course, subject to formal notice. Together with the Office of Recovery, we will work towards the long-term recovery of the August 2023 wildfires. In summary, CDBG-DR funds are not available now to provide immediate, much-needed relief to our

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

communities and the victims of the Maui wildfires, but CDBG funds are, and this alone is my primary purpose and reasoning for reprogramming actions. My decisions were not easy for me; however, my decisions were sensitively deliberate, mindful, and based on comprehensive due diligence. In attending Mayor's budget community meetings in Lāhainā on Tuesday evening, we were present to hear the testimonies of all attendees. All attendees expressed the...their comments, which include the critical need for housing and kūpuna housing. Considering the devastation, I believe my actions were appropriate, and allowed CDBG to respond to the immediate needs of wildfire victims. And before I close, I would like to express our appreciation to our subrecipients. Through their support of reprogramming and ultimately voluntary grant cancellations, our...we were able to reprogram--you know, they're island people, and island agencies or departments, providing services for the . . . *(inaudible)*. . . good of our people, and I appreciate, you know, their sacrifice as it will benefit the August 2023 Maui wildfire victims. So, mahalo, BFED Committee, for allowing us to appear for you...before you today, and I welcome your comments.

CHAIR SUGIMURA: Thank you very much. So, we're going to open up for public testimony, and then we'll get questions from the Members. So, at this time, do we have anybody signed up for testimony on this item?

UNIDENTIFIED SPEAKER: Chair, there's currently no one who has indicated they would like to testify on this item.

CHAIR SUGIMURA: Okay, anybody in the Chambers? Last call, maybe.

UNIDENTIFIED SPEAKER: Chair, I'll do a last call...three, two, one. No further individuals have requested to testify at this time.

CHAIR SUGIMURA: All right. So, we will close public testimony with your approval, Members, and then receive written testimony on this item.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR SUGIMURA: Thank you. All right. So, Members, do you have questions for CDBG? I have to ask you this question before I turn it over. This is local style. So, Chandee, is your father, Lawrence Kauhaahaa? That's such an unusual name, right, he's the only one I know on the whole island, so you must be in his genealogy.

MS. KAUAHAA: No, sorry, that's my husband's uncle.

CHAIR SUGIMURA: . . . *(laughing)*. . . Okay, so you're related. Okay, a very fine person. Members, you have any questions regarding this project? Vice-Chair Kama.

VICE-CHAIR KAMA: Thank you, Chair. Thank you for being here, all of you, and...and

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

I understand, you know, what it took for you folks to do and make the decisions which...that you did, so I applaud you for that. But I...I don't think I understood exactly where the funds were going to be redirected to, if there's something already that's there, and we're just going to use it to pay for that particular thing.

CHAIR SUGIMURA: Go ahead.

MS. KAHULA: Mahalo, Member Kama, for your question. So, the...the project we selected is for the acquisition of owner-occupied or vacant condominiums in the West Side or Lāhainā side to house displaced kūpuna. And of course, you know, CDBG targets low- to moderate-income individuals or households, and so, that is the intent.

VICE-CHAIR KAMA: So, do we know how many we're going to purchase and how much it is?

MS. KAHULA: At the current moment...so, we were actually in process of...and so, the...the prices, of course, vary. Given the amount of funds we are working with, we're hoping to purchase or acquire at least ten. Some of...some are one bedroom, some are two bedrooms, and so as much as the...our funds will allow. We're hoping for at least ten.

VICE-CHAIR KAMA: So, the funds you're talking about is what, 2.9? Is that what you...I mean the 1.4 from...that you saved from the year before, and the 1.4 from this year?

MS. KAHULA: Approximately...approximately, yes. I...I will mention though that my initial letter also mentioned CV funds, that there was a...a surplus of CV funds or the Cares Act funds. And for those funds, they were originally granted to MEO and Family Life Center to provide mortgage and rental relief payments for island residents, or Maui County residents, and both subrecipients opted to not renew, and that too left us with a surplus of about \$1.3 million. So, cumulatively, we're looking at over \$3 million to acquire condominiums. We actually initially were looking at large homes to house displaced kūpuna, and then after, you know, further discussion we weren't sure that the kūpuna would feel safe and secure in say like a six-, seven-, eight-, ten-bedroom home with people coming and going as they please. So, then we, you know, decided to pursue condos instead.

VICE-CHAIR KAMA: Okay, thank you. Thank you, Chair.

MS. KAHULA: Thank you.

CHAIR SUGIMURA: Thank you. Three minutes, yeah. Okay, Ms. Paltin.

COUNCILMEMBER PALTIN: I have so many questions. I see about the part, public facilities, and I think that we owned the Kaunoa Senior Center property. Would

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

Planning be included in the eligible activities? Like say if we rebuild the Kaunoa Senior Center, maybe make like childcare facilities, and then senior facilities, and then maybe senior housing on the top of it or something. I don't know if the plan is to rebuild the Lāhainā Crossroads apartment and make that be senior housing, or the Pioneer office building, if they're just going to bulldoze that down, is all of that being spoken with...with you folks?

CHAIR SUGIMURA: Go ahead.

MS. KAHULA: Mahalo, Member Paltin, for that question. I haven't been in direct communication regarding those properties. Everything in the Lāhainā burn area, according to HUD, has been determined CDBG eligible. So, it...it's...the suggestions are eligible activities because, you know, the whole entire burn area is eligible. And...but the source of funding could vary because we...I think the projects that you're talking about means, you know, clearing debris, and building, maybe possibly rezoning. Those are options probably more for CDBG-DR in...because it would be more in the long-term recovery. But I wouldn't...I would definitely take a look at that.

COUNCILMEMBER PALTIN: And then it says not eligible, things like Government buildings and things like that. So, my office burned down, but it wasn't a Government building, and I just was wondering, if I asked for some office space in the new Senior Center, Childcare Center, Senior Living thing that I'm imagining in my brain, would that make the whole thing ineligible if they let me work out of there?

CHAIR SUGIMURA: Go ahead.

MS. KAHULA: Mahalo, Member Paltin. It's possible.

COUNCILMEMBER PALTIN: To make it ineligible?

MS. KAHULA: No...no --

COUNCILMEMBER PALTIN: Oh.

MS. KAHULA: -- I'm sorry. It's...it's possible for you to have a building in an office [sic] that is not primarily used for Government purposes.

COUNCILMEMBER PALTIN: Okay. And have you heard anything? Because like how Mr. Hill (*phonetic*) said, only two-thirds of the residents made it out. If they feel safe to go back to...if it were Hale Mahaolu Eono or Kaunoa if...what needs to be done to make them feel like they . . .(*timer sounds*). . . would get out in a future disaster?

CHAIR SUGIMURA: You can answer the question.

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

MS. KAHULA: Okay. I...do you mean as far as maybe like an emergency evacuation plan, or just having them feel comfortable going back to...

COUNCILMEMBER PALTIN: Both emergency evacuation plan mostly.

MS. KAHULA: Yeah.

COUNCILMEMBER PALTIN: Because in 2018 was my neighbor that told the Police, hey, what about Hale Mahaolu Eono, and I guess, you know, there wasn't enough room in the vehicles that were evacuating.

MS. KAHULA: Yeah, that is definitely something I believe will be on the high priority for all of us as we, you know, begin the rebuilding process, and we'll definitely talk with, say, Hale Mahaolu or Kaunoa on the proper planning.

CHAIR SUGIMURA: Okay. Thank you, that's exciting. Anybody else have any comments regarding this? Oh sorry. Okay, Member Sinenci.

COUNCILMEMBER SINENCI: Chair Lee had her hand up, and I can go after her.

CHAIR SUGIMURA: Oh, sorry. Okay. Chair Lee, then Member Sinenci.

COUNCILMEMBER LEE: Thank you....thank you, Mr. Sinenci. Okay, regarding the CDBG-DR funds, just wanted to let you know that we...we're looking into that too, and working with Senator Schatz. Because that's separate, and that's funding that he would have to introduce or...and Congress would have to introduce in order to get those special funds. So, perhaps we could work together on that rather than working separately. And my other question to you is, why would you want to buy condominiums rather than use all of the money for a rental assistance? Because condominiums have maintenance fees and so forth, so it's...it's like ongoing..you know, you're like stuck with this property. Why would you make the choice of wanting to buy condominiums?

CHAIR SUGIMURA: Go ahead.

MS. KAHULA: Mahalo, Chair Lee, for your questions. The decision to purchase the condominium units was because rental assistance and mortgage payments is already an activity that's being provided. And in the Federal world, and...and...and even more so in CDBG-DR activities, the duplication of benefits is a big no-no. And so, when we chose to again...

COUNCILMEMBER LEE: Let me...let me interrupt you, sorry. Because if you buy a unit, you could...you could assist way more people by providing them monthly rental assistance than you can by having to buy a condominium. Because how much is your average condominium that you're going to buy?

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

MS. KAHULA: The current average of the one condominium that we're looking at is about 470,000.

COUNCILMEMBER LEE: Yes. That's what I mean. You could spend that money, you know, on three or four people rather than just one person. So, where are the condos that you're looking at for 470,000?

MS. KAHULA: In Honokōwai.

COUNCILMEMBER LEE: Honokōwai.

MS. KAHULA: Yes.

COUNCILMEMBER LEE: How...how old are they?

MS. KAHULA: I apologize, I don't have that year they were built, but we have been to each of the units, and all have been recently refurbished.

CHAIR SUGIMURA: We'll send that question, yeah.

MS. KAHULA: Thank you.

COUNCILMEMBER LEE: Okay. Well, thank you for the information.

MS. KAHULA: Thank you.

CHAIR SUGIMURA: Anybody else have questions? Mr. Sinenci.

COUNCILMEMBER SINENCI: Thank you, Chair. And...and...and mahalo, Patience. It looks like you have some of the...the items on the list probably wait for another year or so. But one of the big-ticket item, and I don't know if I heard you if you explained, but the...the Lāna'i fire tanker, did you ask for input from Chief Ventura --

MS. KAHULA: Mahalo, Member.

COUNCILMEMBER SINENCI: -- about what he felt, or if he...if he had some plans to...down the road?

MS. KAHULA: Mahalo, Member Sinenci. Yes, actually, I spoke with Chief Ventura and also Deputy--I just blanked on his name--Fujioka, excuse me, sorry.

COUNCILMEMBER SINENCI: Yeah.

MS. KAHULA: And yes, I did speak with both of them on more than one occasion in

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

total, and they actually decided to not proceed with the pre-award. So, I'm...I explained earlier, and maybe you couldn't hear me, I apologize for that, the...the building and production of a fire tanker takes three or more years. And so --

COUNCILMEMBER SINENCI: Right.

MS. KAHULA: -- we were sitting there looking at this pot of money thinking, man, we could really help people now, or we going to sit here looking at the money for the next three years waiting for the fire tanker to be built. And so --

COUNCILMEMBER SINENCI: . . .*(inaudible)*. . .

MS. KAHULA: -- the conversation with MFD was say, hey, let us reprogram it now, we'll promise you the money in program year 2026, if for some reason the fire tanker were delivered earlier, and if they would have to use their own funds subject to our reimbursing them. And...

COUNCILMEMBER SINENCI: Got it, thank you. Thank you for that clarification. Thank you, Chair.

CHAIR SUGIMURA: Okay, very good. Now, do we have anybody else? Member Paltin had it one time, and Member Kama. So, I have a question. So...because the information that you sent us previously, the questions the Members are asking are kind of standard, and they're asking you what is it, right, how much does it cost, how old is it, all good questions. So, I believe that those questions would need to be given to the Council so that we can, you know, support that action. And so, what that...what we said was, budget amendment changes to the project as described in the letters, and requested funds for acquisition of property to be used for senior living, which you were talking about; however, there's no identified parcel, appraisal, which is really important, resolution for action, right, to authorize an acquisition. So, all of those things are kind of the documents that the Council would need to support what you're trying to do. I will tell you that when I went to Washington D.C. in October, the panel--not the panel--the hui, I guess we were called, we met with all the congressional offices, and particularly Brian Schatz, of course, right...because he's Appropriation, as well as--why am I drawing a blank?--the...the Honolulu Congressman, the Honolulu...anyway --

VICE-CHAIR KAMA: Ed Case.

CHAIR SUGIMURA: -- yeah, Ed Case, sorry, Ed Case. Jill Tokuda is our Congressional person. But they're both on Appropriations, and they both said that in the CDBD-DR funds, they are advocating for us. And we can expect to receive, or hope we can receive like, you know, something like half a million dollars. And so, when I saw this request come in, I thought wait, I wonder if this a little premature. So, before we take action on this, I see that...I heard Chair Lee is also

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

working with Brian Schatz on it. I'm going to ask the body to send a letter to our Congressional team, just to ask them what is anticipated for the DR funds. Because that is a pot of money that is sitting there, and it does require, you know, the Congressional request for it, but I believe that...I mean I believe every single office we went to has a disaster recovery focus. So, I wonder even before we take action on this if we could send a letter, Mr. Krueger, to our Congressional team, especially Ed Case and Brian Schatz because they're both on Appropriations. And so, when we sat there with them, you know, you can tell that they're very focused on helping the Maui Disaster. So, were you looking at a deadline to do something with us, or were you...did you have a time schedule that you were hoping to get your work done...get this apartment bought, or...

MS. KAHULA: Well, so, the apartments...or the condominiums would be purchased with regular CDBG funds. And so, I'll...I'll share that, you know, we attended a CDBG-DR training, and the training was actually designed for grantees, and it was happening in Hilo last Monday. And so, we found out it, I think, about on the Friday night before the Sunday, and we...we flew out to the training because it was just too close to not attend. And there, we were reminded actually by HUD officials, and...and/or specialists, that their specialty was CDBG-DR, that we shouldn't expect it, you know, that it's not a matter of when we should be seeing, if. And it wasn't to, I think, lead to our receiving or not receiving . . .(timer sounds). . . the funds, I think they were just being really clear that you're not a grantee yet, but if and when you become one, we'll be here to support you. So, the deadline to...there's no deadline on really to...to work with you or...and...and Council.

CHAIR SUGIMURA: That's fine.

MS. KAHULA: There's actually no application process as well, the grantees are notified through a Federal Register Notice. And we realize that that notice could come as soon as January in 2024. And I also share that in speaking with the sister counties--you know, Kaua'i County and Hilo County...or Hawai'i County, excuse me--they both suffered disasters in 2018. I believe the Kaua'i County suffered record-breaking flooding and...in 2018, and then of course, you know, how County of Hawai'i in 2018 suffered by the Kilauea eruption. Both disasters occurred in 2018, both received their announcement of CDBG-DR allocation in January of 2020. And so...

CHAIR SUGIMURA: Two years.

MS. KAHULA: Yeah. So, we...we did a bunch of research because there's no formal training for CDBG-DR --

CHAIR SUGIMURA: Okay.

MS. KAHULA: -- potential grantees, you know, they're not going to provide training for

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

someone that may get funded.

CHAIR SUGIMURA: Okay.

MS. KAHULA: And so, we just did some researching to figure out what the timeline would look like.

CHAIR SUGIMURA: Okay. So, we'll...we'll send you, again, the information that we're requesting in order to take action, yeah. And anytime you want us to buy anything or whatever, we always request a resolution, and we always request an appraisal, so...

MS. KAHULA: I got that.

CHAIR SUGIMURA: Yeah. Okay. So, that's...that's all.

MS. KAHULA: Okay.

CHAIR SUGIMURA: Yeah. So, Members, I'm going to...I'm going to...oh, I got to take, we have to take...we did already do testimony, right, so this...we're ready to...I'm going to defer this item so that we can continue talking about it and get more information, okay. But thank you very much for taking action because I think we're all on the wildfire mindset, you know, and I...and I wonder, by us not doing this--especially with the tanker truck, right, for Lāna'i, it takes them three to four years. So, once it starts going down the process, you know, to stop, you're then...you know, their journey is quite long, and of course, fire, right, they were right in the front lines for the whole disaster. So, on this, I'm going to defer any other comments, James? Mr. Krueger?

COUNCILMEMBER PALTIN: I had a question.

CHAIR SUGIMURA: Oh, you did? I'm sorry. Go ahead, Member Paltin.

VICE-CHAIR KAMA: You can have...

COUNCILMEMBER PALTIN: Tasha had one too, but --

CHAIR SUGIMURA: Okay, sorry.

COUNCILMEMBER PALTIN: -- I just was wondering the Honokōwai apartment, condos, they're not in the sea level rise exposure area, is it...like Maui Lani Terraces or something?

CHAIR SUGIMURA: We can send that question. Do you know?

MS. KAHULA: So, mahalo for that question. We are required to complete an

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

environmental review, and I believe the Maui Lani Terraces and...is not in a...in a . . . *(inaudible)* . . .

COUNCILMEMBER PALTIN: That's where you're looking at to purchase?

MS. KAHULA: Yeah, what's that...is that...I'm not going to say that, sorry.

COUNCILMEMBER PALTIN: The...the presentation we had in Member Kama's Committee, for like 400,000 you could get a...a three-bedroom, fire-resistant...

VICE-CHAIR KAMA: Yeah, all that, yeah. And it came with a pool, all of that.

COUNCILMEMBER PALTIN: Yes, all of that, and then maybe they could find two of their friends, and I don't know if we clarified if it was ADA, but, you know, if...if there's a parcel, and then they put this like a modular thing on it, and then, you know, move back to Lāhainā once Phase 2 is done, like maybe that way you can house more people. If it was just the one bedroom, 500 square feet, I think it was 165,000. So, maybe that's a possibility as well, to get a bunch of 165,000, 500 square feet *[sic]* for the seniors, and then we'd own it, and we can move it around from place to place...whether it's installed at Pulelehua, Kā'anapali 2020, the County 50-acre park, I think if you had 300 of those units, they could do like a mass off-grid water, off-grid sewer, and they all come with Tesla walls and furnishings. So, I mean I wouldn't pigeon our hole *[sic]* ourselves into just that, but I...I'd love the idea of taking care of our seniors because, you know, so much of them --

CHAIR SUGIMURA: Displaced.

COUNCILMEMBER PALTIN: -- didn't make it through. So, if we can just cherish the ones that made it through.

MS. KAHULA: Absolutely.

CHAIR SUGIMURA: Thank you. Member Kama.

VICE-CHAIR KAMA: So, I wanted to ask about, you know, the memorandum of CDBG suspension and waivers that normally, you know, housing would not be allowable, but the suspension allows you to do that. So, I was wondering if you would just consider what it is that we're saying, that not just looking at one way to do it, but look at many other ways and how you can actually kill two birds with one stone as you're doing it. That's my comment. Thank you.

MS. KAHULA: Mahalo, Member Kama and Member Paltin. You know, our decision to purchase condominiums was to provide immediate relief, and...and it's built. We're taking condominiums out of the rental pool, maybe even the vacation rental pool, and we're offering it back to our people at affordable rates. We realize

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

that there...you know, it's a high cost, and association, and homeowners, you know, there'll be fees there, but those are not fees we're going to pass entirely to the occupants or the, you know, kūpuna. We are prepared to carry those fees with our CDBG annual allocations, and we...we absolutely intend to keep the units affordable in perpetuity. But we would absolutely look at your suggestions too, as long as we can get CDBG to deem the project and the project--or excuse me--or activity eligible, yeah, we could do that.

CHAIR SUGIMURA: Okay. Very good. Okay. Great discussion, and I will bring this back again once we get more information. And I'm going to defer it, okay...defer the item.

ACTION: DEFER pending further discussion.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR SUGIMURA: So, thank you. You want a break? Okay. We get a ten-minute break, so we'll come back at 1:14 [sic]. . . .(gavel). . .

RECESS: 2:54 p.m.

RECONVENE: 3:14 p.m. (Excused: KRF, NUH, TK)

**ITEM 48: BILL 108 (2023), AMENDING FISCAL YEAR 2024
BUDGET: APPENDIX B, DEPARTMENT OF WATER
SUPPLY (BILL 108 (2023))**

CHAIR SUGIMURA: . . .(gavel). . . (Audio begins mid-sentence) -- Budget, Economic...Finance, Economic Development Committee. And where are...oh, first of all, welcome, Member Johnson, I know you were here a while. Thank you very much, and welcome. And we will take up your bill after we do this one.

COUNCILMEMBER JOHNSON: Okay. Thank you for having me.

CHAIR SUGIMURA: Okay. Thank you...thank you. So, we're on BFED-48, Bill 108, Amending Fiscal Year 2024 Budget: Appendix B, Department of Water Supply. And if you remember this bill, this amends Appendix B of Fiscal Year Budget to create two new revenue sources for the Department of Water Supply emergency water charge and temporary irrigation charge, as well as to authorize the Director of Water Supply to waive certain costs and fees for properties in which infrastructure was destroyed and rendered nonoperable by a disaster or emergency. As you know, this was created because of what's really happened with the August 8th wildfire. This item is posted for no...no legislative action today, and before this bill can move forward, the Council needs to also have with it the legislation, which is...which is the enabling legislation for this Bill 108. And the Code amendment was discussed in Rule 7(B) in Member Cook's

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

Committee on Monday, and the Administration intends to transmit the proposed legislation to the August...August 1st [sic] Council meeting. So, the enabling legislation which was discussed, and why, and we are going to take action, hopefully with your approval, at that December 1 Council meeting. We have with us today Deputy Director--were you going to say something, Ms. Paltin?

COUNCILMEMBER PALTIN: No, just the first time you said August 1st, but the second time you said December 1st.

CHAIR SUGIMURA: Oh.

COUNCILMEMBER PALTIN: So, thanks for clarifying.

CHAIR SUGIMURA: You knew what I meant, right? Just kidding. We have with us today Deputy Director of Water Supply Landgraf, Waterworks Fiscal Officer Ortaine Acadia...Acidera...Acidera, and Budget Director Zielinski--is she on? I don't see her. We'll ask for opening comments--oh, Leslie Milner is there--we'll ask for opening comments first from Deputy Director Landgraf, and then we'll go to Director...oh, or Ms. Milner, and then we'll hear further. So, would you like to say a few words?

MR. LANDGRAF: Aloha, Chair, and --

CHAIR SUGIMURA: Aloha.

MR. LANDGRAF: -- and Councilmembers. And so, the idea behind this is so we can help out the people affected by the wildfires. Thank you.

CHAIR SUGIMURA: Okay. That is brief and summarizes it. Okay, pretty...pretty clear because we've never had the authority before. So, you're getting kazillion (*phonetic*) questions, right?

MR. LANDGRAF: Yes.

CHAIR SUGIMURA: Yes, thank you. Thank you for fielding those questions from me regarding the Upcountry questions. Okay, anybody else--Ms. Milner, do you have anything to add?

MS. MILNER: Not anything major, Chair. I just would add that this is to add the emergency water charge, temporary irrigation charge, and then language into Appendix B of the budget bill to allow the Director of Water Supply the discretion to waive costs for properties that were damaged, destroyed, or rendered nonoperational due to a disaster or emergency. It's not specific to the wildfires. So, if the Council and Administration chooses to leave it in going forward, that can be something that applies, hopefully not often, down the road. Mahalo.

**BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui**

November 17, 2023

CHAIR SUGIMURA: Yes. Okay. So, any more comments? Wait...oh, you have clarifying question? Go ahead, Ms. Paltin.

COUNCILMEMBER PALTIN: It was for you. When you gave your opening did you say something about adding two new revenue sources?

CHAIR SUGIMURA: Oh, they are basically the costs. The revenue source which is how it's listed in our budget document under...under Revenue Fees...under Revenue, Rates, Fees, and Taxes ,Department of Water Supply, Water Fund. The revenue source would be emergency water charge, fees, rate assessment, or taxes, monthly service charges charged by meter size, leh, leh, leh (*phonetic*). And then also, the temporary irrigation charge is for the water charges, which is irrigation.

COUNCILMEMBER PALTIN: So, you mean new categories?

CHAIR SUGIMURA: New category.

COUNCILMEMBER PALTIN: Okay, got that.

CHAIR SUGIMURA: Yes, new categories. And on this we have an amendment, okay, for correction. We're always looking for money...in this case, we're always looking for water, right, Director? Yes. Okay, do we have any testifiers?

MS. APO TAKAYAMA: Chair, Staff has not received any requests for testimony on this item. I'll do a last call...three, two, one. Chair, seeing no other individuals wishing to testify.

CHAIR SUGIMURA: Okay, great. So, I'm going to close public testimony on this, receive written testimony, as we always do, with your approval.

COUNCILMEMBERS VOICED NO OBJECTIONS.

. . .CLOSE OF PUBLIC TESTIMONY (BFED-48) . . .

CHAIR SUGIMURA: Thank you. Thank you very much. All right. So, anybody have further questions for the Department or for Budget? I just have one thing, that we would have to submit an ASF at the appropriate time under the Bill 108, regarding the fees, or revenue source. If you look under temporary irrigation charge--I should put on my glasses--under this...for this category, it says all usage, it would be...it says \$1.04, and I think that should say per 1,000 gallons per month. It sounded like it's just \$1.04 a month. So, that has to be corrected; is that correct?

MR. LANDGRAF: Yes, it's \$1.04 per 1,000 gallons.

CHAIR SUGIMURA: Okay. So, that...that was one correction that we'll send forward,

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

ASF, Mr. Cross (*phonetic*)? Okay. And were there any other questions regarding this section? Go ahead, Mr. Cook . . .(*inaudible*). . .

COUNCILMEMBER COOK: Thank you. So, Deputy Director, principally it's to...this is to enable the Department, the Director, to have discretion in determining when this is applicable? Because currently that discretion isn't...doesn't exist?

MR. LANDGRAF: Correct. We cannot make that kind of decision without Council.

COUNCILMEMBER COOK: And then I was contacted by someone in my District where they fought the Pulehu fire at the top of their subdivision. Is that something--or even if it's not in Kula and Lāhainā, but they...I guess the way that you would show it is just your average water use in that particular month, it jumped up. Would the Department have the discretion? Is...would that be discretionary, someone who would basically just submit an application that they used water for fire...fighting fire?

MR. LANDGRAF: Yes, correct. As long as they can show that they did that, and we could see that by, you know, the increase...a large increase in water usage.

CHAIR SUGIMURA: It's...

COUNCILMEMBER COOK: Like a spike at one time.

MR. LANDGRAF: Yeah. So over, you know, a little...you know, a couple of days, you could see it.

COUNCILMEMBER COOK: Okay. Thank you, sir. That's all my questions, Chair.

CHAIR SUGIMURA: Okay. Thank you. I see Corp. Counsel popped up. Mister...

MR. ROWE: Hi, this is...yes, this is Caleb. I just wanted to make a...a minor correction. So, for instances such as Mr. Cook referenced, we are actually finding those as claims through the Office of Corporation Counsel. So, we...we've kind of taken the position that the Department shouldn't be, you know, kind of looking at a day-to-day comparison during these times of emergencies, whereas our office does have discretion to settle claims. So, if someone does have an instance where they were using their own water to fight a fire, and can show that through a spike in usage, they submit claims to our office. We have been getting those, and we are processing them. But that's not necessarily done through...through this legislation, we're trying to handle that through our...through our claims procedures. Just wanted to clarify that.

CHAIR SUGIMURA: Oh, that's important. Good question, and thank you very much, Mr. Rowe. Anybody else have any questions for Corp. Counsel, the Budget Office or the Department? Seeing none. Very good. So, Members, I'm going to defer

**BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui**

November 17, 2023

this as...and as I said in my opening, this is going to come up on Chair Lee's agenda for December the 1st, and we'll have the ASFs to correct...well, to make that addition to the fees, and I'm going to...we're done. All right, I'm going to defer this, and take up Mr. Johnson's next bill. Thank you very much, Deputy Director, great job.

COUNCILMEMBERS VOICED NO OBJECTIONS.

MR. LANDGRAF: Thank you, Chair. Thank you, Councilmembers.

COUNCILMEMBER COOK: Thank you.

CHAIR SUGIMURA: Good job. Thank you, Ms. Milner. Thank you, Caleb Rowe for popping up, adding to the discussion.

ACTION: DEFER pending further discussion. (Excused: KRF, NUH, TK)

**ITEM 46: BILL 103 (2023), REAL PROPERTY TAX RATE TIERS
AND DEDICATED LANDS FOR AGRICULTURAL USE
(BILL 103 (2023))**

CHAIR SUGIMURA: Now, we have the last item that we're going to take up today, which is 108 and...I'm sorry, 103. . . .(inaudible). . . to that, notes and bill...BFED-43...46, Bill 103, Real Property Tax Rate Tiers and Dedicated Lands for Agricultural Use. This item, which would require tax rate tiers for the agricultural real property tax classification, and require the Director of Finance to seek the Department of Agriculture's help with verifying lands dedicated to agriculture use and comply with dedication requirements. And we have today--Director Teruya or Marcy...Marcy Martin? I see Marcy Martin on the call.

UNIDENTIFIED SPEAKER: Ms. Martin is here today.

CHAIR SUGIMURA: Okay. Director of Agriculture Kali Arson...Arce to assist us with our discussion on this. So, we'll ask for opening comments from...from Finance Department, Ms. Martin.

MS. MARTIN: Thank you, Chair. So, the Department has read the bill, and we are here to assist you with any questions that you may have.

CHAIR SUGIMURA: Oh, okay. Good, because I have a...I have an amendment if I could get your comments on it when we discuss it. Okay, do we have any--Ms. Arce, Director Arce, do you have any comments regarding this bill?

MS. ARCE: Aloha, Councilmembers and Chair. Department of Agriculture supports the

**BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui**

November 17, 2023

changes. And to better understand how it has been managed before the Department was established, we will coordinate with the Real Property Assessment Division while we build capacity within the Department to assist as advisory in the compliance inspections that are stated in the bill. I hope by taxing agriculture landowners at a higher rate that do not have ag production occurring, that it may incentivize them to put it into production. Additionally, since the availability of affordable agricultural land is one of the barriers to agriculture production, landowners could lease the land to those wanting to do agriculture production. Thank you.

. . .BEGIN PUBLIC TESTIMONY. . .

CHAIR SUGIMURA: Thank you for your comments. Do we have any testifiers.

MS. APO TAKAYAMA: Chair, Staff hasn't received any requests for testimony on this item. I'll do a last call for individuals wishing to testify on BFED-46...three, two, one. Chair, seeing no other individuals signing up to testify at this time.

CHAIR SUGIMURA: Thank you very much. Members, with your approval, I'd like to request to close public testimony, and receive written testimony on this item.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: TK, KRF, NUH)

. . .CLOSE OF PUBLIC TESTIMONY (BFED-46) . . .

CHAIR SUGIMURA: Thank you very much. So, this bill is actually one that was submitted by Member Johnson. So, would you like to say a few words?

COUNCILMEMBER JOHNSON: Certainly, Chair. Before...or as we get into this, I...I noticed that there is an amendment...amended bill, and I will plan to move to substitute the bill --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: -- so that way we can get into that one, but...and then I figured, if you like, I can speak a little bit about my --

CHAIR SUGIMURA: Yes.

COUNCILMEMBER JOHNSON: -- intention beforehand. But basically, I'm willing to substitute this bill which was in the ASF. So, basically, Bill 103 is a first step to tax...taxing ag land that sits fallow at a higher rate. This bill allows us to create tiers under agriculture and put in language that the Department of Ag will help the Director of Finance verify the land use. If this passes, I hope with the

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

amendments in the Chair's ASF, tiers will either be created by the Administration or this body during Budget. The intent of this bill is not to affect ranchers and farmers who are actively using their land, but landowners who keep their lag (*phonetic*) and fallow, hopefully if they are faced with paying a higher tax rate, they will make a choice to actively farm or ranch their land and lease if things...or lease their lands for these purposes to keep a lower ag rate. Farmers who need to rest their land will not be penalized. I always say three things--farmers need three things; they need land, water, and a little bit of capital. This could create more available land to farmers to lease or be even employed on. Bill 103 is an attempt to create a resilient island, not only to increase food production, but also to increase our resiliency in fires. Dry fallow land has left us extremely vulnerable, we all experienced August 8th and the consequences of wildfires, weather conditions due to climate change are not going to get any better, and we need to create policies that will encourage landowners to adapt and maintain healthy environments so we all can thrive. Mahalo, Chair.

CHAIR SUGIMURA: Very nice. All right, Members. So, do any of you have questions for Ms. Martin, or Director Arce?

COUNCILMEMBER JOHNSON: Chair, can we take my bill out and put this new one on the --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: -- table so Direc--or Ms. Marcy [*sic*] can speak to that one --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: -- because I think that's the one we're going to --

CHAIR SUGIMURA: Okay, great.

COUNCILMEMBER JOHNSON: -- move forward if...if that's allowed...if the body would allow that.

CHAIR SUGIMURA: Good. So, Members --

COUNCILMEMBER PALTIN: Oh.

CHAIR SUGIMURA: Oh, you have a question first. Go ahead.

COUNCILMEMBER PALTIN: So, based on that, I don't know the exact procedure or if there's a parliamentarian onboard right now, but is it the case where once we swap it, we can't amend it, or was that only because it was at the Council meeting, or how does that all work?

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

CHAIR SUGIMURA: Okay, you want to...okay, you have an answer, Member Johnson?

COUNCILMEMBER JOHNSON: I know the swap counts as one amendment. So, you can amend it another time...remember, you can't go...what is it, three out or two out? Yeah, so that would be the max. We could amend it once after we swap it. And I know, Ms. Marcy [sic] would maybe want to speak on maybe an amendment she was speaking...thinking about the time. See, I think I have it down as like every three years, the inspectors would go out and inspect, but my understanding is Administration would like it do every year, which is great for...I--that sounds wonderful, right, if they...they're willing to do that, that's great. So, I think that would be the second. So, that's...that...if that answers your question, Councilmember Paltin.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: Okay.

CHAIR SUGIMURA: So, Members, at this time I'd like to entertain a motion to recommend passage on first reading, Bill 103 (2023), entitled "A BILL FOR AN ORDINANCE ON THE REAL PROPERTY TAX AGRICULTURAL CLASSIFICATION AND DEDICATED LANDS FOR AGRICULTURE USE," incorporating any nonsubstantive revisions.

COUNCILMEMBER JOHNSON: So moved.

CHAIR SUGIMURA: Thank you.

COUNCILMEMBER COOK: Second.

CHAIR SUGIMURA: Thank you. Motion by Member Johnson, seconded by Member Cook. Members, referencing my posted ASF, the Chair will now entertain a motion to substitute Bill 103 (2023) with a proposal CD-1 version attached to my ASF.

COUNCILMEMBER JOHNSON: So moved.

CHAIR SUGIMURA: Okay...oh, you got it. Okay. Okay, second. So, motion by Member Johnson, and seconded by Member Cook. Okay.

COUNCILMEMBER JOHNSON: Chair?

CHAIR SUGIMURA: Go ahead.

COUNCILMEMBER JOHNSON: So, now that we're looking at the amended version of the bill, I think we can turn it over to Ms. Marcy [sic] to explain why --

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: -- the Department would like to do all of the classifications.

CHAIR SUGIMURA: Exactly, okay. Thank you very much. Ms. Marcy...Martin.

MS. MARTIN: Thank you, Chair. Yes, by, you know, allowing this body to create tiers in every classification--you don't have to, it's a choice--but if the Code enables it, then you don't have to go in for a Code change each time you want to consider the tiers. And I also have a suggested revision to the wording for 3.48.350, and that would be to either remove the last sentence--the Director must inspect all lands dedicated to agriculture use every three years--you could remove that sentence, or you could change it to every year. Currently, our procedural rules require us to inspect dedications annually.

CHAIR SUGIMURA: Okay. And that would...change would be? I need a...okay, go ahead, you...you can speak on it.

COUNCILMEMBER JOHNSON: So, Chair, if you'll allow me, I move to amend the bill and to strike the last sentence in that section, the Director must inspect all lands dedicated to agriculture use every three years.

CHAIR SUGIMURA: Oh, you going...okay.

COUNCILMEMBER JOHNSON: That's my amendment.

CHAIR SUGIMURA: Okay. I need a second. Okay, made by Member Johnson, seconded by Member Cook. So, by taking that out, Ms. Martin, what would happen then is what you would always do, which is do the inspection of dedication land every year, right, it would automatically then defer to that?

MS. MARTIN: Yes, we would inspect every year.

CHAIR SUGIMURA: Every year. Okay, as you have been. Okay, you're fine. Go ahead, Member Cook.

COUNCILMEMBER COOK: So, my question for the Department would be, would they...would the Ag Department...Agricultural Department start to inspect it every year, as right now it's the Tax Department checks every year. Would that be a change in the transition, or would they both be inspecting it?

CHAIR SUGIMURA: I see, okay...okay. Ms. Martin?

MS. MARTIN: Currently, we inspect it every year; however, we are open to working with

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

the Department of Agriculture. You know, anything they find that they want to bring forward to our attention, or anything we think should go to their attention, Real Property is always glad to exchange information.

CHAIR SUGIMURA: Okay, great.

COUNCILMEMBER JOHNSON: Can I speak on that?

CHAIR SUGIMURA: Yes, Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. And also, I...one of the powers and duties and functions of the Department of Ag, and one of them in 22.02.030 is the Department will collaborate with the existing efforts and agencies to collect data in the following areas for the County and reports annually. And that would be number 2, agriculture lands, evaluation, dedication, and conservation. So, I love it when...when the Council works with the Departments, but when we also see the Departments working with other Departments; boy, we just...we're singing *Kumbaya*, right. So, thank you.

CHAIR SUGIMURA: You sounded like Chair Lee, how you're singing *Kumbaya*. Okay, any other discussions? This is a good discussion. Member Paltin?

COUNCILMEMBER PALTIN: Either for the Department of Ag or Ms. Martin, it was brought up to me before about everybody...like farmers that is doing legit farmer stuff, fill out a G-49, and if you just request their G-49s, then--how about now, better? Okay. If...if you just request the G-49, then...and they turn in a valid one, then you don't have to do the inspection because they're doing legit farming because they're...they have a G-49?

CHAIR SUGIMURA: Ms. Martin?

MS. MARTIN: Thank you, Chair. I do think that would make the program easier to administer. However, farming business is cyclical, they are subject to things like disasters, or their own issues, whether it be deer or water. And so, the way that it's written now gives a little more flexibility that if they didn't file one year, you know, we still could maintain their agriculture. We have a compliance Staff of three compliance officers and the tax clerk, and so, I feel really good about the program right now. It's not perfect, but the program seems to be working, there seems to be good relationship between us and the agriculture community. So, you know, it's a...it's a give-and-take, for sure.

COUNCILMEMBER PALTIN: So, just to put the...this...Director must inspect all lands dedicated to agricultural use every year, or receive a G-49. And then if you did receive a G-49, all of those go off to one side, and you don't need to inspect them, and you only need to inspect the ones that don't receive a G-49?

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

MS. MARTIN: Chair. I would feel like that maybe needs to be vetted with the agriculture community.

CHAIR SUGIMURA: Okay. So...

COUNCILMEMBER PALTIN: That was who I got the suggestion from, was a member of agricultural community.

CHAIR SUGIMURA: So, I will...are you done?

COUNCILMEMBER PALTIN: Sure.

CHAIR SUGIMURA: Okay. So, I will tell you, in my journey, some of the things I heard about people who are really smart and who knows how to work the system. So, they sell whatever, right, so, they're going to submit the G-49 form. They don't...they're not really doing agriculture, but they're figuring out how to...how to use the system. So, that's why I like the inspection. And if the Department is saying...Finance Department is saying that they would like to, and they have Staff that is, you know, geared up to do it, I would like to still keep it like that, and support the amendment that Member Johnson is proposing. Because then the Department will do the inspection, and we won't have this play of tax forms to convince the County that, you know, you're a bona fide farmer if you do this. I have so many examples of people who have called me of abuse that are going on because their neighbor sees that they don't really have a farm, they have like all this swimming pool...a swimming pool, and they don't look like they're, you know, farming like the kind of farmers that we see. So, that's my comment, Member Paltin.

COUNCILMEMBER PALTIN: Is Director Arce still on the call?

CHAIR SUGIMURA: She should be, yes.

COUNCILMEMBER PALTIN: I wouldn't mind to hear a comment from her.

CHAIR SUGIMURA: Sure. Director Arce?

MS. ARCE: Hi, thank you for the question. Yeah, I did...wanted to make a comment that I...I do agree that...to some extent that we should be collaborating with Department of Tax to do those site visits, that physical site visits. And there's...you know, we mentioned about the different kinds of crops, and timing, and things change within a year. So, I think the physical site check would also hold the producer accountable to their production, and I think that would...I think the farmers might be well-received on that. And I do know that a lot of them want to have a better relationship with the County. Thank you.

CHAIR SUGIMURA: Thank you. Okay, Member Paltin, question answered?

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

COUNCILMEMBER PALTIN: Thank you.

CHAIR SUGIMURA: Thank you. Okay, any more...I'm sorry, what? Oh, I'm sorry, I didn't see your hand. Member Sinenci.

COUNCILMEMBER SINENCI: Thank you, Chair. So, I just had a clarifying question, maybe for Ms. Martin. So, if farmers submit their G-49, it doesn't require an inspection?

MS. MARTIN: Chair. So...well, right now, the Division has two agriculture programs. So, we're...we're talking about the agriculture dedicational program, and right now, we are required to inspect the dedicated parcels every year. There's 371 dedicated parcels who pay a benefit of about \$2.5 million. On the larger group is the Ag Use group, and there's just *(audio interference)* 1,000 properties, with a much larger benefit of about 14.2 million a year. So, for those 3,000 properties, we're trying to inspect every four years, but the standard is every six years, and we do put that in our budget, in our performance measures. We're...we're using our...our flyovers, our aerial imagery to inspect those, but the dedications need to be inspected annually because there is a recapture for nonuse. So, if we find that somebody isn't farming, you back tax them for their...the dedication violation. So, that's where the...the annual inspection comes in. So, you know, as they were saying --

COUNCILMEMBER SINENCI: . . .*(inaudible)*. . .

MS. MARTIN: -- with the income tax form, you know, if someone doesn't file a tax form, they still may be farming, and someone who files a tax form may not be farming to the level that we expected them to. So...and it's by acre the way we do it. So, I still think that the...right now, the inspection is a really good indicator. But when we question people about their production, whether it be agriculture use or dedication, we ask them for their Schedule F, we ask them to show us receipts. So, we do ask for documentary evidence when we...we suspect that they may not be in active agriculture for nonpersonal use.

CHAIR SUGIMURA: Very good.

COUNCILMEMBER SINENCI: And then what about for taro farmers? Do you guys do the same thing for taro farmers, Ms. Martin?

MS. MARTIN: Chair. So, taro farmers, there is a taro exemption for parcels that are...their entire parcel is being used, and so, that is an annual filing. So, it's good that they stay on the program, they file, and they are even exempt from the minimum tax. So, they're in a different program, but, you know, I encourage them all to apply and let us know...because if they aren't using their entire parcel, they still can get agriculture use values. So, if you're farming taro, please

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

come to mauipropertytax.com website, and fill out the necessary form.

COUNCILMEMBER SINENCI: Okay. Thank you. Thank you, Chair.

CHAIR SUGIMURA: Very...the more we talk about your Department, we see all the work that you do. So, thank you very much, Ms. Martin, appreciate it. All right, any more discussion regarding that...the amendment that was proposed by Member Johnson and seconded by Member Cook? Okay, so we're going to vote on the amendment to the amendment, right? Okay. So, all in favor--and this is...the amendment to the amendment is the ability to have the inspections done every year, right? Okay. What is the actual...

MR. KRUEGER: Chair, the motion --

CHAIR SUGIMURA: Is to delete.

MR. KRUEGER: -- that Councilmember Johnson made was...yes, to...to delete the sentence from Section 3.48.350 E., the last sentence that was proposed to be added, to delete, the Director must inspect all lands dedicated to agricultural use every three years.

CHAIR SUGIMURA: Okay. All right. So, all in...ready to vote, any more discussion? All in favor say "aye." So, that...Chair Lee, did you vote...are you voting? Yes, okay. Oh, we can see your hand now. So, how many--one, two, three, four, five, six...six "ayes," and three excused. So, Member Kama's not here, and Member Rawlins-Fernandez, and Nohe U'u-Hodgins. Okay, motion carries.

VOTE: AYES: Chair Sugimura, Councilmembers Cook, Johnson, Lee, Paltin, and Sinenci.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair Kama, Councilmembers Rawlins-Fernandez and U'u-Hodgins.

MOTION CARRIED.

ACTION: APPROVED Amendment.

CHAIR SUGIMURA: So, now were on the second ASF, which is the...also made by the

**BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui**

November 17, 2023

same--thank you very much--and that would be for...to include that all tiers...allow for a tax rate tiers for any real property classification. What is the motion?

MR. KRUEGER: So, Chair --

CHAIR SUGIMURA: . . .(inaudible). . .

MR. KRUEGER: -- that's the motion on the floor now is the substitution as amended.

CHAIR SUGIMURA: Substitution as amended. Okay, got it everybody? Okay. All in...oh, any more discussion? Seeing none. All in favor say "aye."

COUNCILMEMBERS: Aye.

CHAIR SUGIMURA: All right, that's seven "ayes" and...oh, six "ayes," and three excused. So, Nohe U'u-Hodgins--oh, motion carries--Miss...Member Rawlins-Fernandez, as well as Member Kama. So, motion carries.

VOTE: **AYES:** **Chair Sugimura, Councilmembers Cook,
Johnson, Lee, Paltin, and Sinenci.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Vice-Chair Kama, Councilmembers
Rawlins-Fernandez, and U'u-Hodgins.**

MOTION CARRIED.

ACTION: **APPROVED Amendment.**

CHAIR SUGIMURA: Now, we're at the main motion with amendments. Any more discussion? Seeing none. Okay, Members, all in favor of voting on the main motion, which is passage of the bill with amendments--all in favor say "aye."

COUNCILMEMBERS: Aye.

CHAIR SUGIMURA: So, we have six "ayes," and excused, Member U'u-Hodgins, as well as Rawlins-Fernandez, and Vice-Chair Kama. Motion carries. Your bill passes.

**BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui**

November 17, 2023

COUNCILMEMBER JOHNSON: Mahalo, Members. This means a lot, it really does.

VOTE: **AYES:** **Chair Sugimura, Councilmembers Cook,
Johnson, Lee, Paltin, and Sinenci.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Vice-Chair Kama, Councilmembers
Rawlins-Fernandez, and U‘u-Hodgins.**

MOTION CARRIED.

ACTION: FIRST READING of BILL 103, CD1 (2023).

CHAIR SUGIMURA: Good job...good job. All right. So, we have no more business today. All of this...all the bills that we needed to handle, we took care of. But we are going to come back again on Tuesday. So, we have Council meeting on Monday with Chair Lee at 9:00, and we have BFED on Tuesday the 21st at 9:00, and we're going to dig in to this RPT bill. Members, the goal on the RPT bill, which was introduced...or was discussed actually in the October 31st BFED meeting, is that we need to have--thank you very much, Staff--because we need to have a Committee report on this done if we pass it for December in the December Council meeting...so, to be enacted in January of next year. So, that's kind of the timeline we're working on. We did send the questions to Marcy Martin in Finance, so we'll have those answers, as well as her calculations that'll take us through what we're talking about, the impact of this RPT bill. And again, what we are doing is, we are trying to quantify what the Mayor's letter was when he sent out after the fires that he is waiving basically Real Property Tax payments for this year. And so, that's what we're trying to dig into. Members, at this time, I want to thank all of you for again coming back, and we'll see you on Monday with Chair Lee, and then we'll see you on Tuesday for this meeting. You have a question?

COUNCILMEMBER PALTIN: I just was...is the Tuesday meeting a new meeting, or is it a recessed meeting?

CHAIR SUGIMURA: Oh, it's a recessed meeting.

COUNCILMEMBER PALTIN: Okay.

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

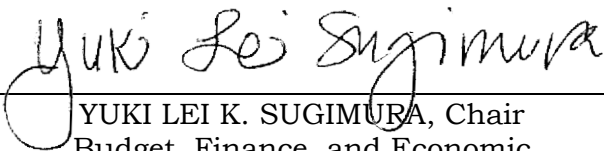
CHAIR SUGIMURA: It's a recessed meeting. Oh, in the same...on the same link.

MR. KRUEGER: Right. So...so, Chair, just...just to clarify, yes, this will be a recess to next week Tuesday, which is November 21st to 9:00 a.m., to the same BlueJeans link and meeting connections with the same in-person viewing location here in the Council Chamber.

CHAIR SUGIMURA: Okay. And have a good weekend everybody. I'd like to thank CNHA for putting on a great conference, it was really well done, meet a lot of people, proud of Maui. And thank you, Tamara, for being one of the panelists. And I think...and Chair Lee, I wish all of you could have heard her resolution that she read this morning on stage as her welcome message. And after she...you know how she is, right, so after she read her message, Kūhiō Lewis got on stage and he just said, oh, so kolohe yeah her. . . .(laughing). . . But she really is. Thank you very much, everybody. So, this meeting is now in recess until 9:00 on Tuesday the 21st. . . .(gavel). . .

RECESSED: 2:50 p.m.

APPROVED:



YUKI LEI K. SUGIMURA, Chair
Budget, Finance, and Economic
Development Committee

bfed:min:231117_r:cvk

Transcribed by: Cheryl von Kugler

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

November 17, 2023

CERTIFICATION

I, Cheryl von Kugler, hereby certify that pages 1 through 44 of the foregoing represents, to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 20th day of December 2023, in Wailuku, Hawai'i.

A handwritten signature in cursive script, reading "Cheryl von Kugler", is written over a horizontal line.

Cheryl von Kugler