

EDB Committee

From: April Austin Pugh <pugh14@aol.com>
Sent: Monday, May 13, 2019 12:11 PM
To: EDB Committee
Subject: Maui County Budget Hearings

RE: Maui County Budget Hearings - I support fair tax rates

Dear Committee Chair Keani N.W. Rawlins-Fernandez and Economic Development and Budget Committee Members,

I am writing in favor of fair and reasonable tax rates for the vacation rental industry.

Short Term Rentals are currently taxed at \$9.28/\$1000, the third highest only exceeded by Hotel and Resort and Time Share rates. Increasing the Short term rental rate too extreme puts an unfair burden on the individual owners of these properties, and the guests to these properties, and can only move to harm the small businesses that depend on the vacation rental industry.

We have a blossoming vacation rental industry on Maui, subject to appropriate restrictions and standards, and a fair existing permitting and taxing process. Short term rentals already comprise 25% of the \$319,516,547 of real property tax revenue compared to 11% for time share, and 7% for hotel and resort. The purpose of the industry is to allow for varied accommodations and experiences for visitors, and to allow small businesses to benefit from tourism.

I am supportive of the Economic Development and Budget Committee Committees efforts to find a fair and equitable solution for taxing the vacation rental industry that limits any negative implications for the community. Right now short term rentals brings in \$79,500,00 in direct taxable revenue, and has created thousands of jobs for our island as well.

Maui has always held a special place in my heart. After my divorce to my husband, I needed a vacation. So, my two young boys, my best friend and I took off to Maui. There is nothing better than sitting on the beach with toes in the sand and breathing the island air. So calming and relaxing. It was the best vacation and a great distraction to the fact I was a single mom and heading back to reality at home.

Long story short, I have always dreamed of owning a piece of Maui. I was fortunate late last year that an opportunity arose for me to be able to do just that. My best friend and I purchased a condo in Maui. We purchased the condo knowing that it would be a short term rental. With life back in California, and still a single parent, I needed that short term rental income to be able to afford my piece of the Maui lifestyle.

I am hoping you please reconsider your stance on taxing the short term rentals. I would hate for my dream of being able to keep owning a condo in Maui would not turn into a nightmare.

We love this island. It is considered our home away from home. We contribute to the island's economy when we visit and the people that stay in our condo contribute to the thriving economic tourism on the island as well.

I would make myself available to come and testify in person regarding this matter, if necessary. Thank you for considering my testimony and I hope you will think about it as you continue to craft this bill.

Sincerely, April

April Austin Pugh
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EDB Committee

From: Carl Brandes (Laptop & iPhone) <carl.brandes@shaw.ca>
Sent: Monday, May 13, 2019 6:34 AM
To: Mayors.Office@co.maui.hi.us
Cc: Yukilei Sugimura; EDB Committee; Kelly King; Riki Hokama; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Paltin.Tamara.Paltin@mauicounty.us; Shane M. Sinenci; Yukilei Sugimura
Subject: Short Term Home Owner - Tax Increase Update + call to action

Mayor Michael Victorino

RE: Maui County Budget Hearings - I support fair tax rates

Dear Mayor Michael Victorino,

As you are aware, current Short Term Rental Tax Rates are \$9.28/\$1000, the third highest rate only exceeded by Hotel and Time Share rates. These already high rates are exacerbated by escalating property values that are in many cases in excess of what the property can bring on the open market. So, not only are the current tax rates very high, but they are being applied on an unreasonable value. Equitability in taxation is being skewed in favor of other taxpayers!

In the past several years tax valuations have greatly increased (add your yearly increase in the past 5 years) Adding another 28% increase for this segment is an unfair burden on us. We are being singled out for unfair tax increases without any voice in the makeup of city council except by letters that hopefully bring balance to a council that should at least understand **equitability**. Such moves are very likely to reduce the value of our properties which then reduces the subsequent tax revenues received.

Please understand, this is our second home. We live on Maui 3-6 months each year and for all intent and purpose consider ourselves residents of Maui....not visitors! We love Maui and wish it to prosper for everyone, but this is placing an excessive burden on a select group of people. Short Term Rental property already comprises 25% of real property tax revenue.

We have a healthy vacation rental industry on Maui which allows for varied accommodations and experiences to visitors, which in turn increases return visits and benefits all of the small businesses on Maui as well as supporting thousands of jobs. The vendors who work for us or small business owners are not hotel hourly rate

employees they are making good incomes ranging from handymen \$40/hour, cleaners \$50/hour to high tech repairmen at \$120+/hour. This is a second home for us. We spend heavily on local facilities such as restaurants. All of which benefit and grow the commercial business base in Maui. **The spin-off to the community is extensive.**

Please choose not to further burden the Short Term Rental industry with such an aggressive and unfair tax increase. We already pay more than our fair share of property taxes simply because we choose to share our home when we are not on island. Home sharing such as this only makes sense and maximizes both the usefulness of the space and the positive economic impact on Maui. Please do not further discourage the Legal Short Term Property Owners.

We are retired individuals living on a fixed income and have no way of absorbing unreasonable cost increases such as these property tax increases. Our rental rates will soon become unattractive to the visitors we rely on to rent out our condo and there is a scenario in which we may find our ability to sustain this lifestyle at an end. We would be very unhappy to lose our way of life by having to sell our home away from home based on accelerating, unreasonable, and unfair costs. We already charge aggressive user taxes upon our rentals which benefit the County substantially.

We hope this increase can be modified to 'what makes sense' and 'what is fair and equitable' instead of leading to the killing of the golden goose!

Thank you,

Carl Brandes

MAUI VACATION RENTAL ASSOCIATION

May 2019

Real Property Tax Posted

Class	Current Rates	Posted Rates	Change 19 to 20	2019 revenues	2019 % Rev	Est. 2020 Revenue	2020 % of Rev	Rev Chg 19 to 20	% increase
Time Share	\$15.41	\$14.40	-\$1.01	\$34,559,755	11%	\$35,152,603	10%	\$592,848	2%
Residential	\$5.52	\$5.60	\$0.08	\$42,623,671	13%	\$45,144,655	13%	\$2,520,984	6%
Commercial Residential	\$4.55	\$4.60	\$0.05	\$896,496	0.28%	\$954,511	0%	\$58,015	6%
Short Term	\$9.28	\$10.75	\$1.47	\$79,484,204	25%	\$101,439,674	29%	\$21,955,470	28%
Apartment	\$6.31	\$6.31	\$0.00	\$41,295,428	13%	\$41,037,222	12%	-\$258,206	-1%
Commercial	\$7.25	\$7.39	\$0.14	\$21,108,001	7%	\$20,931,555	6%	-\$176,446	-1%
Industrial	\$7.45	\$7.48	\$0.03	\$15,889,830	5%	\$15,582,108	4%	-\$307,722	-2%
Agricultural	\$6.00	\$5.94	-\$0.06	\$25,981,969	8%	\$25,866,177	7%	-\$115,792	-0.4%
Conservation	\$6.35	\$6.43	\$0.08	\$2,786,559	1%	\$2,942,582	1%	\$156,023	6%
Hotel Resort	\$9.37	\$11.00	\$1.63	\$21,638,285	7%	\$32,281,794	9%	\$10,643,509	49%
Homeowner	\$2.85	\$2.90	\$0.05	\$32,646,360	10%	\$34,372,582	10%	\$1,726,222	5%
Totals				\$318,910,558		\$355,705,463		\$36,794,905	12%

Aloha Members,

Thank you to everyone who took the time to come out to testify and submit written testimony to the Economic Development and Budget Committee. The County Council reported hundreds of testimonies came in. The council members learned a lot about the Short Term Rental and Bed and Breakfast industry through testimony and they have posted their rates for the upcoming year in their April 29, 2019 meeting. The rates came in at \$10.75/\$1000 for Short Term Rental with an increase of \$1.47. Commercial residential came in with a \$0.05 increase to \$4.60/\$1000. While we were unable to curtail any increases, this is much better than their original proposed \$15 rate. The council is still taxing Short Term Rentals rigorously. We did see a shift with Hotel rates taking the biggest increase of 49%, but short term rentals are overall creating more revenue for the county real property tax.

The council increased real real property taxes \$36.8 million from FY19 to FY20 for an overall increase of 11.5% over last year's budget. The Mayor had proposed an increase of \$19.6million or 6.1% and the Council added an additional \$17.4 million to that figure.

Of that \$36.8 million tax increase:

\$22 million is being generated by increases to the short term rentals

\$10.7 million is being generated by increases to the Hotel resort classification

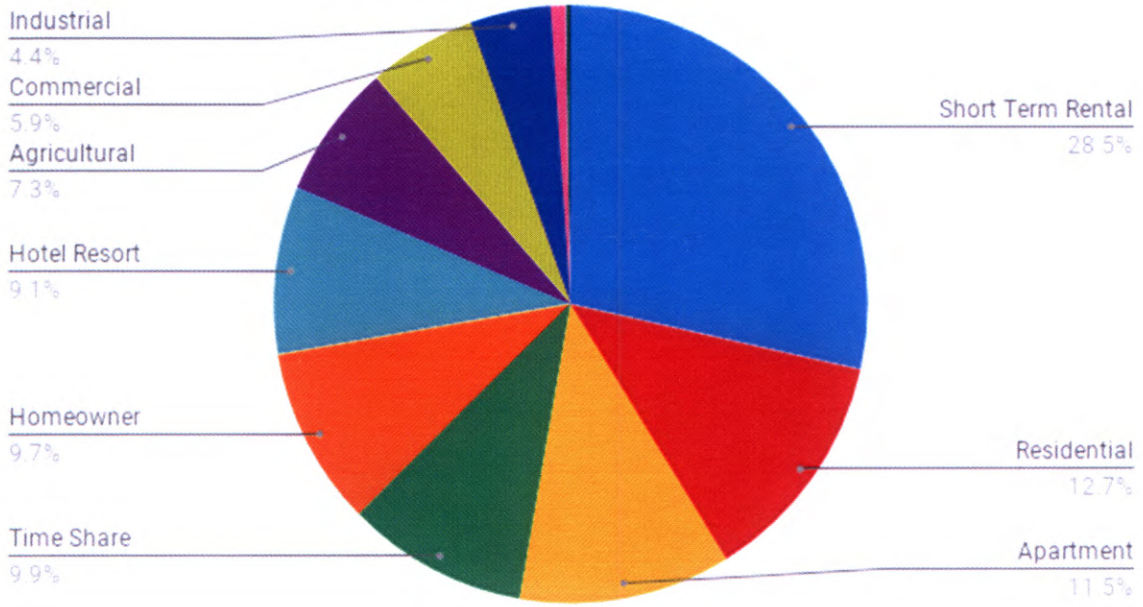
\$2.5 million is being generated by increases to the Residential (second home) classification

The next step in the process of adoption of these rates is the public hearing at 11:00 am on May 10. The council will hear testimony, but will not change these rates. The Mayor is not likely to veto or change these rates either.

Between the Time Share, Hotel, Commercial Residential and the Short Term Rental Rates, the Visitor Accommodations sector of our island's industry is generating 48% of the County Real Property Tax budget, or \$169.8 Million. Of This the short term rentals and commercial residential combined generates about 30% percent of the real property tax revenue. What this means is that Short Term Rental Homes and Bed and Breakfast operations are vital to our county economy. A fact that we have known all along, but one the county can no longer ignore. I noticed the hotels often threaten in their testimonies that they employ so many people that they cannot suffer high increases in their taxes or large layoffs result. This resonates with council members.

What I would like to do is gather data from you members, with respect to who we are employing in this healthy tertiary market of property managers, maintenance businesses, cleaning businesses, interior designers, landscapers and the like. We can continue to educate the current council on our industry which is so critical to the health of our community, as they have so boldly indicated by their budget.

Estimated 2020 Revenue



EDB Committee

From: Nancy LeMaster <nancy.j.lemaster@gmail.com>
Sent: Monday, May 13, 2019 6:47 AM
To: mayors.office@co.maui.hi.us
Cc: EDB Committee; Kelly King; Riki Hokama; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Paltin.Tamara.Paltin@mauicounty.us; Shane M. Sinenci; Yukilei Sugimura
Subject: Maui County Budget Hearings - I support Fair taxes

Dear Mayor Michael Victorino,

As you are aware, current Short Term Rental Tax Rates are \$9.28/\$1000, the third highest rate only exceeded by Hotel and Time Share rates. These already high rates are exacerbated by escalating property values that are in many cases in excess of what the property can bring on the open market. So, not only are the current tax rates very high, but they are being applied on an unreasonable value.

In the past several years tax valuations have greatly increased (add your yearly increase in the past 5 years) Adding another 28% increase for this segment is an unfair burden on us, and puts the entire short term rental industry in jeopardy. Such moves are very likely to reduce the value of these very properties which then reduces the tax revenues received.

Please understand, this is not property used as a hotel or time share, it is our second home. We live on Maui at least two months each year, have created many new friendships, and participate in fundraising and other community benefit activities. We love Maui and wish it to prosper for everyone, but this is placing an excessive burden on a select group of people. Short Term Rental property already comprises 25% of real property tax revenue.

We have a healthy vacation rental industry on Maui which allows for varied accommodations and experiences to visitors, which in turn increases return visits and benefits all of the small businesses on Maui as well as supporting thousands of jobs. The vendors who work for us or small business owners are not hotel hourly rate employees they are making good incomes ranging from handymen \$40/hour, cleaners \$50/hour to high tech repairmen at \$120+/hour.

Please choose not to further burden the Short Term Rental industry with such an aggressive and unfair tax increase. We already pay more than our fair share of property taxes simply because we choose to share our home when we are not on island. Home sharing such as this only makes sense and maximizes both the usefulness of the space and the positive economic impact on Maui. Please do not further discourage the Legal Short Term Property Owners.

Our condo originally belonged to my parents and it is our hope we will be able to maintain it and pass it along to our children. In order to be able to afford this we must be able to rent it when we are not on island. We hope you will consider our request.

Thank you for your consideration,

Nancy LeMaster and Steve Mikola