

EDB Committee

From: amethven@aol.com
Sent: Friday, May 10, 2019 1:05 PM
To: EDB Committee
Subject: Taxes

To whom it may concern

One more tax. It is already hard enough with the high electric and water bills. We are retired. We did not and have not planned for the cost of living going up and up. Please rescind that increase. Thank you Allen R. Methven owner of unit 295 Maui Kaanapali Villas.

EDB Committee

From: Seitz, Phyllis <Phyllis.Seitz@ritzcarlton.com>
Sent: Friday, May 10, 2019 9:15 AM
To: EDB Committee
Cc: Rogers, Andrew
Subject: Testimony for RPT Hearing May 10, 2019
Attachments: Testimony for RPT Public Hearing May 10, 2019 - The Ritz-Carlton, Kapalua.pdf

Aloha,

Below and attached is Testimony for RPT Public Hearing on May 10, 2019 from Andrew Rogers, General Manager of The Ritz-Carlton, Kapalua.

May 8, 2019

Kelly T. King, Council Chair
Keani Rawlins-Fernandez, Council Vice-chair & EDB Chair
Council of the County of Maui

Opposing Proposed Increases for Hotel & Resort Real Property Tax rates

Aloha Council Chair Kelly King, Vice-chair Keani Rawlins-Fernandez, and Council Members of the County of Maui.

As a follow up to my prior letter dated April 22, 2019, I would like to express my concern over the pending tax increase for Real Property taxes. Although I'm happy to see the reduction from prior proposals, the current proposal of \$11 is still excessive. If you combine that with the tax re-evaluation, the cost to our resort is \$598,734 or 30.8% year over year. We support the Mayor's proposal of \$9.37, which will help us temper the significant increase in assessed value of 13.4%.

The additional costs to our hotel will surely limit our resources, and invariably affect available payroll and expenses. We provide jobs to over 600 wonderful ladies and gentlemen, who not only take great care of our visiting guests but are also valuable members of the community. Ensuring that Maui's hotel and resorts remain strong investment vehicles for real estate venture groups remains critically important to our future. The operating costs alone for hotels of our size are enormous. In April alone, we spent just over \$200,000 on Electricity; \$70,000 for Gas; \$26,000 for Water and \$31,000 on sewer expenses. Our payroll wages were just over \$2.8 Million.

We are fortunate to have engaged hotel owners, who support community efforts and understand the need to ensure we are responsible stewards of the Culture, and are investing back into the building's infrastructure and facilities. In addition, we are working with them to invest back into our people by providing opportunities to learn and grow, take training classes and support a tuition reimbursement program. These investments for the future allow hotels like ours to thrive, not just simply survive.

As we review this increase, it should also be recognized that any additional increases passed on to guests would make the island of Maui less marketable when guests are reviewing destinations. With Mexico and the Caribbean coming back on the horizon as lower cost travel destinations, competition for leisure travelers and group business continue to grow.

With signs of the economic downturn in the Hawaiian Islands are becoming evident, this is surely not the time to pass along extra costs to our guests and our businesses. We need to remain as attractive of a destination as possible as we head into this next economic cycle to ensure a bright and fruitful future for all.

I appreciate your consideration and efforts to ensure Maui is the top island destination in the world.

Mahalo,



Andrew C. Rogers
General Manager

Warmest regards,
Phyllis

Phyllis C. Seitz
Executive Assistant
The Ritz-Carlton, Kapalua
One Ritz-Carlton Drive
Lahaina, HI 96761
Direct: +1 808-665-7267
Main: +1808-669-6200
Fax: +1 808-665-7095
phyllis.seitz@ritzcarlton.com
www.ritzcarlton/kapalua.com
Connect with us - www.facebook.com/RitzCarltonKapalua

* 2014 AAA Five-Diamond Award, 19th Consecutive Year

* Maui was once again voted 'Best Island in the World', by the discerning readers of *Condé Nast Traveler*, Oct. 2013

Mai ka la hiki a ka la kau..ka la maikai a Kapalua... From the rising sun to the setting sun...a perfect day in Kapalua.

The above communication contains information from The Ritz-Carlton Hotel Company, L.L.C. that may be confidential and/or privileged. Except for personal use by the intended recipient, or as expressly authorized by the sender, any person who receives this information is prohibited from disclosing, copying, distributing, and/or using it. If you have received this communication in error, please immediately delete it and all copies, and promptly notify the sender at the above telephone number or electronic mail address. Nothing in this communication is intended to operate as an electronic signature under applicable law.



THE RITZ - CARLTON

KAPALUA

May 8, 2019

Kelly T. King, Council Chair
Keani Rawlins-Fernandez, Council Vice-chair & EDB Chair
Council of the County of Maui

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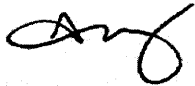
Page 2

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With signs of the economic downturn in the Hawaiian Islands are becoming evident, this is surely not the time to pass along extra costs to our guests and our businesses. We need to remain as attractive of a destination as possible as we head into this next economic cycle to ensure a bright and fruitful future for all.

I appreciate your consideration and efforts to ensure Maui is the top island destination in the world.

Mahalo,

A handwritten signature in black ink, appearing to read 'Andrew C. Rogers', written in a cursive style.

Andrew C. Rogers
General Manager

EDB Committee

From: Kara Shower <knshower20@gmail.com>
Sent: Friday, May 10, 2019 4:16 AM
To: 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
Cc: Billy Shower
Subject: Short Term Rental 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.

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 (X-X) 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.

(Add your own personal touch with your own unique story here. Talk about at the positive benefits and experiences you and your family have had owning a second home, being a part of the community and renting to guests who contribute to Maui's economy.)

Additional Talking Points:

1) We are retired with a fixed income and worked out the finances to buy our Maui home based on what has been a stable property tax index never anticipating such a dramatic increase; this amount exceeds (X) months of the rental income we rely on to pay all the bills.

2) We spend several months a year living on Maui and plan to increase the time over the years thus our property is a home several months a year. Is there an allowance to reduce our property tax based on actual time used as a vacation rental?

Thank you,

Bill and Kara Shower

Kara Shower
Realtor

Chapman Real Estate Group
1020 Suncast Lane Suite 101
El Dorado Hills, CA 95762
BRE#01904411
www.chapmanreg.com
530.313.0263

Oh by the way.... I'm never too busy for your referrals!



EDB Committee

From: Dave Blasquez <davebirdies@gmail.com>
Sent: Friday, May 10, 2019 4:43 AM
Subject: Proposed Property Tax Changes

Recently I was informed, by my management company Destination Resorts, that Maui County was considering an increase in property tax for two specific stakeholders on your property tax rolls, Hotel Resort and Short Term Rental. As an owner of a condominium unit at the Kaanapali Alii, I was shocked at this news as nothing had been sent to me from the county regarding this proposal. I find at least three things that are very disconcerting for me from this news, the lack of communication, the lack of transparency, and the lack of fairness.

I say communication because every 6 months I hear from Maui County concerning my property tax bill, so I know you have my home address and my email address. So if my property is in line for a 60% increase in property tax increase why would I not be informed by the county? If there is going to be a meeting to discuss something that directly effects my property, why wouldn't I be directly communicated with so that, if I desired, I could attend? With this proposal, nothing has come from the county to explain what crisis exists to warrant such a drastic increase for two share holders, while all other property owners are remaining at their existing level?

This proposed action lacks transparency because the county board has not explained what they are attempting to accomplish with this 60% increase? What will this additional money be spent on? If it is for infrastructure, how will it be spent? Has there been a task force that has studied the issues and targeted certain projects? Does the board lack resources to fulfill the goals? If so, what will be the benefits to the community? There are too many unknowns for me to support such action.

Finally, how is this proposed increase fair? Why would there be zero change for most property owners yet the two areas that support tourism, the number one industry on the island, be effect the most? Is there an effort underway to curb tourism? Because, prices will have to go up for visitors as these increases will be eventually passed on to the cost of rental. This reminds me of the recent federal tax law that targets states with high tax rates and penalizes them simply because government can. In the end this is not a strong hand to stand on. The voters will know, if the government can single out one particular group and penalize them, then it may be their turn next. Fairness to all people is essential in all government decisions, that and "Public Good", what is the Public Good in this action? I am certainly not opposed to paying my fair share of taxes. I also understand that there are many people living on this island that cannot afford a property tax increase, but 60% from one year to the next? That is really beyond the pale of reasonable. That is not respecting everyone self worth, it really is not fair.

Thank You for listening to my concerns.

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Aloha
Dave Blasquez

EDB Committee

From: Kelly King
Sent: Friday, May 10, 2019 4:01 PM
To: EDB Committee
Subject: FW: Proposed Property Tax Changes

-----Original Message-----

From: Dave Blasquez <davebirdies@gmail.com>
Sent: Friday, May 10, 2019 4:43 AM
Subject: Proposed Property Tax Changes

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I say communication because every 6 months I hear from Maui County concerning my property tax bill, so I know you have my home address and my email address. So if my property is in line for a 60% increase in property tax increase why would I not be informed by the county? If there is going to be a meeting to discuss something that directly effects my property, why wouldn't I be directly communicated with so that, if I desired, I could attend? With this proposal, nothing has come from the county to explain what crisis exists to warrant such a drastic increase for two share holders, while all other property owners are remaining at their existing level?

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Thank You for listening to my concerns.

--

Aloha
Dave Blasquez

EDB Committee

From: Diane Tank <diane@howardfo.com>
Sent: Friday, May 10, 2019 4:56 AM
To: EDB Committee
Subject: MAUI COUNTY PROPERTY TAXES

To Whom It May Concern:

I am writing this letter as a manager of two LLC's that own two rentals properties in Maui. We were recently made aware that the budget committee is considering an increase of 66% on our property taxes. The implications of such an increase will restrain a small rental companies like ours that are already paying \$9.28 per one thousand dollars of net taxable income, on top of the 14.25% that we have to pay between General Excise and Transient Accommodations Taxes. It not only inhibits our growth, and thus the ability to bring more money into Maui County, it compromises whether we will be able to continue renting our properties or move our company elsewhere

Sincerely,

Diane Tank

--

Ms. Diane Tank | Howard Family Office Manager

☎ Office: 203-869-0840 | ☎ Fax: 203-869-3160 | ☎ Cell: 203-977-3343

✉ diane@howardfo.com

EDB Committee

From: Linda and Eric Abel <abel77@cox.net>
Sent: Friday, May 10, 2019 11:59 AM
To: Mayors.Office@co.maui.hi.us
Cc: EDB Committee; Keani N. Rawlins; Kelly King; Riki Hokama; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara A. Paltin; Shane M. Sinenci; Yukilei Sugimura; mindy@chasenrainbows.com; Irene Tolbert
Subject: RE: Maui County Budget Hearings - We 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.

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 (X-X) 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.

We are writing in favor of fair and reasonable tax rates for the vacation rental industry.

Hawaii is our second home which we have had for over 15 years. We have roots to the islands having grown up there, gone to school there, worked there, and learning to surf there. We have life long friends in the islands going back to the 1960's. We have since retired, and continue to spend quality time throughout the year in Maui. So, our ability to pay our bills is limited. Our Hale Mahina Maui home is NOT a hotel, and is NOT a timeshare. It is a small, quiet property with many full-time residents. There is not a restaurant, or typical tourist amenities. It is an apartment-style property. We contribute to the Maui

economy through our support of local businesses, and tax dollars, as do our occasional guests, most of whom come every year and treat Maui as their home as well.

Thank you for considering our testimony and we hope you will think about it as you continue to craft this bill.

Mahalo,

Eric and Linda Abel

3875 Lower Honoapiilani Road A-205
Lahaina, HI 96761

abel77@cox.net

EDB Committee

From: Eric Birns <ebirns@birns.com>
Sent: Friday, May 10, 2019 7:39 AM
To: EDB Committee; Keani N. Rawlins; Kelly King; Riki Hokama; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara A. Paltin; Shane M. Sinenci; Yukilei Sugimura
Subject: RE: Maui County Budget Hearings - I support fair tax rates

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

My name is Eric Birns. My wife and I live in California. We visited Maui several years ago and fell in love with it; by 2016 we had visited several times and saved up enough to make a down payment on a small condo in Lahaina. Now we live on Maui one to two months out of the year, have created many new friendships, participate in various community benefit activities and contribute to the local economy. In a few years we hope to retire and live there full time. For a couple with our modest means this second home represented a very large investment, and the only way we can afford the mortgage and other costs is to rent out our condo when we're not there. Our condo is not a business for us; it's our second (and, in the future, primary) home.

Short Term Rental Tax Rates are presently \$9.28/\$1000, the third highest rate (exceeded only by Hotel and Time Share rates). These high rates are exacerbated by escalating property values that at times are higher than market prices. So, not only are the current tax rates very high, but they are being applied on an unreasonable value.

Our tax valuations have already greatly increased. Adding another 66% increase on rental rates is an unfair burden on us, and puts the entire short term rental industry in jeopardy. Such moves may reduce the value of these very properties which then reduces the tax revenues received.

We love Maui and wish it to prosper for everyone, but this proposed tax increase may be counter-productive and excessively burdens a single 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. But we "compete" with other vacation destinations (such as Mexico and Florida). Further increases in the already-high Short Term Rental tax rate would drive up rental fees which would reduce the number of visitors, thereby reducing overall long-term tax revenues for the County (and income for local businesses).

Please do not decrease County tax revenues and 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 is only makes sense and maximizes both the usefulness of the space and the positive economic impact on Maui. Please do not further discourage Short Term Vacation Rentals.

Mahalo,

Eric Birns
ebirns@birns.com
805-830-5885

EDB Committee

From: Heather Quesada <heatherlyn750@aol.com>
Sent: Friday, May 10, 2019 7:56 AM
To: EDB Committee
Subject: Maui County Property tax increase

Aloha Councilmembers,

My name is Heather Quesada, I am an owner of a vacation rental in South Maui. Being from Las Vegas and being employed by MGM I have personally seen a huge cost increase for tourism and as a result it has backfired. Hotels are not booking as they once did, less and less travelers come to Las Vegas each month. The hotels are laying off people left and right. Last week alone MGM alone laid off 1000 people to include my Director and many of my colleagues. We were also told that wasn't the end and many more will lose their job. A lot of the changes that were made are now being reverted as a result of the loss in tourism. This is economic suicide to rise these taxes 66% and this will cause much more damage to everyone than good. There has got to be another way.

This is not just a vacation rental for me, this will become my home full time. This was a dream of my husband and mine for many years to be able to come and spend time on the place we love so much year after year. We would like to voice our concern about increasing the vacation rental tax rate. We fully understand that the money for, maintenance, improvements and infrastructure needs to come from somewhere; but there has to be a much less-lopsided alternative. We just had a 1% increase in the TAT which directed at travelers, even though this increase will be directed at us as the owners the increase will naturally get passed on to the visitors through rate hikes to cover our fixed costs. This isn't anything anyone would like to see. People come to Maui and spend their money within the local economy. This will greatly deter those families to spend as much here or cause Maui to be much less affordable than other destination spots.

As you well know tourism is one of the main supports of our economy and we fear we will soon be pricing ourselves out of the market and as a result we will not be able to afford our home anymore, therefore lose our home and our future retirement home. If this bill passes it will become an easier choice and cheaper alternative for people to vacation in other locations. From there it's a ripple effect to all the local businesses: restaurants, shopping, activities, housekeepers, maintenance etc.

Maui is one of the greatest beach destinations in the world but again we are concerned the cheaper choice to visit other markets like Mexico, Florida, the Bahamas, parts of California etc. which will cause us to lose our dream of being able to visit, enjoy and eventually retire on this place we are trying to make our home.

PLEASE DO NOT LET THIS BILL PASS, MANY LOCAL JOBS ARE AT RISK IF THIS PASSES!!!

Mahalo,
Heather Quesada

EDB Committee

From: James Hajjar <j.n.hajjar@aldenshoe.com>
Sent: Friday, May 10, 2019 4:18 AM
To: EDB Committee
Subject: EDB Committee

Importance: High

Dear Committee Members,

I am a homer owner at Grand Champions Villas in Wailea and writing to express my concern over the drastic proposed increase in real property tax rates for Hotel/Resort and Short-term rental properties.

This would have a chilling effect on non-resident and resident real estate investment and tourism for our beautiful Island. Increased costs would need to be transferred to the prospective tenant and hotel guest/vacationer causing a substantial hardship. People will vacation elsewhere and make real estate investments elsewhere. It's hard enough to get to Hawaii, despite the beauty - people have other choices. Now the proposal is to gouge people an additional 64-66%. I would expect that there are many Maui tourism trade and real estate groups (and Chamber of Commerce) that have developed all of the arguments against this. Why doesn't the County cut expenses instead of inequitably trying to raise more revenue?

Thank you all for your time and consideration in reading my concern.

I sincerely hope the Aloha Spirit rises here.

Best Regards,

James N Hajjar CPA
Chief Finacial Officer
Alden Shoe Company Inc
1 Taunton Street
Middleboro, MA 02346
508-923-1634

EDB Committee

From: Kelly King
Sent: Friday, May 10, 2019 5:08 PM
To: EDB Committee
Subject: FW: Taxes

-----Original Message-----

From: Joanne Foxxe <jfoxxe@kapaluarealty.com>
Sent: Wednesday, May 08, 2019 5:39 PM
To: Kelly King <Kelly.King@mauicounty.us>
Cc: Shane M. Sinenci <Shane.Sinenci@mauicounty.us>
Subject: Taxes

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.

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 (X-X) 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.

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(Add your own personal touch with your own unique story here. Talk about at the positive benefits and experiences you and your family have had owning a second home, being a part of the community and renting to guests who contribute to Maui's economy.) Additional Talking Points:

1) We are retired with a fixed income and worked out the finances to buy our Maui home based on what has been a stable property tax index never anticipating such a dramatic increase; this amount exceeds (X) months of the rental income we rely on to pay all the bills.

2) We spend several months a year living on Maui and plan to increase the time over the years thus our property is a home several months a year. Is there an allowance to reduce our property tax based on actual time used as a vacation rental?

Thank you,

Warmest alohas,

Joanne Foxxe, CRS, GRI, SRES, e-Pro
Kapalua Realty
700 Office Road
Lahaina, Hi. 96761

808-385-2918
Www. JoanneFoxxe.com

Quality isn't expensive, it is priceless.

Oh by the way, I am NEVER too busy for your referrals.

EDB Committee

From: Kelly King
Sent: Friday, May 10, 2019 3:49 PM
To: EDB Committee
Subject: FW: Oppose Hotel Property Tax Increase

From: Joyce Naruse <noreply@jotform.com>
Sent: Friday, May 10, 2019 3:47 PM
To: Kelly King <Kelly.King@mauicounty.us>; Keani N. Rawlins <Keani.Rawlins@mauicounty.us>; Tasha A. Kama <Tasha.Kama@mauicounty.us>; Riki Hokama <Riki.Hokama@mauicounty.us>; Alice L. Lee <Alice.Lee@mauicounty.us>; Mike J. Molina <Mike.Molina@mauicounty.us>; Tamara A. Paltin <Tamara.Paltin@mauicounty.us>; Shane M. Sinenci <Shane.Sinenci@mauicounty.us>; Yukilei Sugimura <Yukilei.Sugimura@mauicounty.us>
Subject: Oppose Hotel Property Tax Increase

Aloha Councilmembers:

As a Maui resident and voter, I appreciate the efforts made to the proposed 2020 budget but still have concerns regarding the suggested real property tax increases – particularly the hotel & resort increase which could potentially lead to unintended consequences for many Maui hotel workers.

While I applaud the Council for listening to our early concerns regarding a massive 60 percent tax increase, I still cannot in good conscience support the suggested large property tax increase to the hotel industry. As many of you know, a significant number of Maui residents work in the visitor/hospitality industry which consists of a substantial percentage of the entire private sector workforce on Maui. In fact, the private sector workforce on Maui accounts for nearly 25,000 jobs in accommodation, hospitality, and food services according to the Department of Labor and Industrial Relations – and these jobs rely heavily on the tourism industry – directly and indirectly.

Further, with the loss of sugar and pineapple jobs on Maui including other agricultural jobs, more and more Maui residents are relying on jobs that rely vastly on tourism spending. With such a large property tax increase, hotels may be forced to either lay off workers who rely on these jobs or pass along the tax increase to visitors who will reach a breaking point and stop visiting Maui altogether or reduce spending. Additional revenue may be generated by the increased hotel property tax rate, but a loss of revenue will occur as visitor arrivals decline and workers are laid off resulting in less consumer spending and ultimately less tax revenue.

While I understand the need to generate revenue for a successful operating budget it should however be done in a fair and reasonable manner – the current proposed 2020 budget will likely have negative consequences that could potentially result in job losses and less revenue generated defeating the purpose of raising the rate in the first place. Until Maui's economy expands to other sectors that provide good paying jobs – attacking the one sector that does is ill-advised.

I strongly urge the Council to support the Mayor's proposal for the real property tax rates which won't result in unintended consequences.

Mahalo.

EDB Committee

From: Michelle Del Rosario
Sent: Friday, May 10, 2019 5:12 PM
To: EDB Committee
Subject: FW: Proposed Property Tax Increase

From: Kelly King
Sent: Monday, May 06, 2019 9:19 AM
To: Kate Griffiths <Kate.Griffiths@mauicounty.us>
Cc: Michelle Del Rosario <Michelle.DelRosario@mauicounty.us>
Subject: FW: Proposed Property Tax Increase

From: jhudy@prodigy.net <jhudy@prodigy.net>
Sent: Sunday, May 05, 2019 12:06 PM
Subject: Proposed Property Tax Increase

May 5, 2019

Dear Council Person, and Mr. Mayor,

My family are part-time residents of Maui. We have owned our condo at the Ka'anapali Alii for almost 30 years and love the island. Our condo which rents when we are not on island has generated considerable tax dollars for the County of Maui.

We have just learned of the proposed tax increase of 64% to hotel/resort and 66% to short-term rentals. This proposed tax increase would not only undermine the market value of our property but necessitate an increase in rental rates in order for owners to maintain their level of income. We all know that vacationers always look for the best "deal" they can find and there are many attractive opportunities in other places. Increasing our rates would make Maui unattractive to vacationers. Our only alternative would be to no longer rent our unit which collectively would result in a tremendous loss of income for the County of Maui.

Maui is the only Hawaiian Island that has imposed higher taxes on vacation rental owners and has set a precedent of taxation without representation. Continuing in this vein should cause affected parties to pursue legal recourse.

Judith Harms

50 Nohea Kai Drive

EDB Committee

From: Kelly King
Sent: Friday, May 10, 2019 5:06 PM
To: EDB Committee
Subject: FW: RPT Rate Increase Opposition Testimony
Attachments: RPT Rate Increase Opposition Testimony_5.9.19.pdf

From: Dawna Rae Davis <dawna.rae.davis@fourseasons.com> **On Behalf Of** Marc Bromley
Sent: Thursday, May 09, 2019 5:15 PM
To: Kelly King <Kelly.King@mauicounty.us>
Subject: RPT Rate Increase Opposition Testimony

Aloha,

Please see attached.

Mahalo!

Marc Bromley
General Manager
Four Seasons Resort Maui
3900 Wailea Alanui Drive, Kihei, HI 96753
Voice:808-874-2988
Marc.Bromley@fourseasons.com
<http://fourseasons.com/maui>

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FOUR SEASONS
RESORT
MAUI AT WAILEA

May 9, 2019

Council Chair Kelly King
Maui County Council
200 South High Street, 8th Floor
Wailuku, Hawaii 96793

Dear Council Chair Kelly King,

My name is Marc Bromley, and I am the General Manager of Four Seasons Resort Maui at Wailea. The Resort employs over 1000 Maui residents, all of whom have a vested interest in the visitor industry. I write you today, on behalf of Four Seasons Resort Maui's employees, to advise that we oppose the proposal to raise, by 64.5%, the current hotel real property tax rate from the current \$9.37 per \$1000 of assessed value to \$15.21 per \$1000. Coupled with the resort valuations increase, we could see over a 50% increase in property taxes. The hotel/resort classification (along with the short-term rental and timeshare classifications) are the highest tax rates for Maui County. We respectfully request that a more equitable tax structure be considered.

Being cost-competitive is crucial to remaining a top destination for travelers, directly impacting the health of our island's economy. The hospitality industry, which competes nationally and internationally against lower-priced destinations, cannot continue to pass on tax increases to our visitors, and the proposed RPT increase threatens the destination's demand, especially during the forecasted economic slowdown. Lower occupancy percentages would force us to consider cutting operational costs and ultimately workforce. Further, the increase would affect the Resort's ability to continue giving to local charities, impacting those in our community who are most in need. I ask that you oppose measures that could threaten the livelihoods of the 1000 Maui residents that are employed by the Resort, the over 40% of residents employed by MHLA's members island-wide, and the local residents who benefit from charitable organizations that the resort supports.

Thank you for your consideration and for the opportunity to testify.

Sincerely,

Marc Bromley
General Manager

EDB Committee

From: Kelly King
Sent: Friday, May 10, 2019 4:57 PM
To: EDB Committee
Subject: FW: Proposed Property Tax Rates and Classifications

From: PandPmurray <pandpmurray@aol.com>
Sent: Thursday, May 09, 2019 4:35 PM
To: Kelly King <Kelly.King@mauicounty.us>
Subject: Proposed Property Tax Rates and Classifications

Economic Dept. and Budget Committee

Dear Committee Member,

We are owners of a unit in the Maalaea Kai Condominium complex in Maalaea Harbor area and we are retired on a fixed income. Our condo's 'Short Term' rental income allows us to continue to keep our beloved place on Maui and it helps with our annual expenses which includes the already elevated property tax rate we pay over the regular rate paid by non-renting owners. That difference increases the 'Short Term' rentals by 68% over the regular residential owners (\$9.28/\$1000 of value vs \$5.52/\$1000 of value) for the exact same square footage and evaluation a direct benefit to Maui. This additional property tax and our on-going support of the island's economy during our stays there including our participation in fundraising for various community events, as well as, multiple charities surely benefits the island of Maui.

Our tax evaluation has increased by 45.3% since 2013 and the amount of property tax paid has increased by 43.45% at our current rate of \$9.28/\$1000 of value. A raise in our category to that of the 'Time Share' rate of \$15.41/\$1000 of value will add to the burden of 'Short Term' rental owners which will have a negative effect for Maui should these owners remove their units from the rental market; it certainly will be a discouraging factor for many owners. Their units would then be reduced to the regular rate of \$5.52/\$1000 of value.

This type of increase would be a 66% increase for the 'Short Term' rental rate which is already the 3rd highest!

Please choose not to add to our burden and discourage 'Short Term' vacation rentals; they have been a positive contributor to Maui's economy and will continue to be so if they are not discriminated against by imposing such an unfair tax hike.

Respectfully,

Mr. & Mrs. Paul Murray

EDB Committee

From: Ralph and Charlotte White <northernwhites@shaw.ca>
Sent: Friday, May 10, 2019 12:18 PM
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 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. In addition, as non-residents, we have endured a significantly higher tax rate but have thus far been able to justify it. To make keeping our second home viable, we have rented it for short terms. Our condominium is neither a Hotel-Resort nor is it a Time Share so we feel that to include it under those categories, and incur the subsequent onerous increase in taxes proposed is extremely unfair and punitive.

In the past several years tax valuations have greatly increased. 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 (2-4) 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.

Thank you,

Ralph and Charlotte White
Hololani A202
4401 Lower Honoapiilani Road
Lahaina, Hawaii 96761

EDB Committee

From: Michelle Del Rosario
Sent: Friday, May 10, 2019 5:14 PM
To: EDB Committee
Subject: FW: Proposed Tax Increase

From: Kelly King
Sent: Monday, May 06, 2019 9:17 AM
To: Kate Griffiths <Kate.Griffiths@mauicounty.us>
Cc: Michelle Del Rosario <Michelle.DelRosario@mauicounty.us>
Subject: FW: Proposed Tax Increase

From: BOB HARMS <bhob@prodigy.net>
Sent: Sunday, May 05, 2019 11:36 AM
Subject: Proposed Tax Increase

Council person,

The proposed increase in the property tax for vacation rentals is a real mistake. Economic decisions should not be based on taxes, but this idea is making that impossible. Maui's economy is based on tourism and a great many of the rental units are owned by small investors, such as myself, that need the income generated to afford the property. My family has owned our unit for nearly thirty years and have generated many hundreds of thousands of dollars of revenue for the island. We love Maui and have always been willing to pay what was asked. This increase would change all of that.

The proposed increase in cost would force all rental owners to raise their rates to cover this new expense. In all likelihood this would result in a decrease in booked nights as there are more affordable options on other islands and foreign locations. This would result in lost revenue to Maui that may not be offset by the greater property tax. I can see a scenario where many owners will either sell or pull their units from rental. If this were to occur, there would be an even greater loss to the Island, as I am sure the sales prices would fall as the potential income drops. It's a matter of risk and reward. If we choose not to rent, then our property tax would revert to a lower rate and again decrease the revenue to the Island.

Maui, alone among all the Hawaiian Islands, has had a good thing going by charging the rental owners more in property tax than the other residents. This discriminatory tax has not been challenged but this proposal may influence all the affected parties to look into a legal remedy.

Please vote no on this proposal.

Robert Harms

50 Nohea Kai Drive

Lahaina, HI 96761

EDB Committee

From: Kelly King
Sent: Friday, May 10, 2019 3:49 PM
To: EDB Committee
Subject: FW: Oppose Hotel Property Tax Increase

From: roberto andrion <noreply@jotform.com>
Sent: Friday, May 10, 2019 3:39 PM
To: Kelly King <Kelly.King@mauicounty.us>; Keani N. Rawlins <Keani.Rawlins@mauicounty.us>; Tasha A. Kama <Tasha.Kama@mauicounty.us>; Riki Hokama <Riki.Hokama@mauicounty.us>; Alice L. Lee <Alice.Lee@mauicounty.us>; Mike J. Molina <Mike.Molina@mauicounty.us>; Tamara A. Paltin <Tamara.Paltin@mauicounty.us>; Shane M. Sinenci <Shane.Sinenci@mauicounty.us>; Yukilei Sugimura <Yukilei.Sugimura@mauicounty.us>
Subject: Oppose Hotel Property Tax Increase

Aloha Councilmembers:

As a Maui resident and voter, I appreciate the efforts made to the proposed 2020 budget but still have concerns regarding the suggested real property tax increases – particularly the hotel & resort increase which could potentially lead to unintended consequences for many Maui hotel workers.

While I applaud the Council for listening to our early concerns regarding a massive 60 percent tax increase, I still cannot in good conscience support the suggested large property tax increase to the hotel industry. As many of you know, a significant number of Maui residents work in the visitor/hospitality industry which consists of a substantial percentage of the entire private sector workforce on Maui. In fact, the private sector workforce on Maui accounts for nearly 25,000 jobs in accommodation, hospitality, and food services according to the Department of Labor and Industrial Relations – and these jobs rely heavily on the tourism industry – directly and indirectly.

Further, with the loss of sugar and pineapple jobs on Maui including other agricultural jobs, more and more Maui residents are relying on jobs that rely vastly on tourism spending. With such a large property tax increase, hotels may be forced to either lay off workers who rely on these jobs or pass along the tax increase to visitors who will reach a breaking point and stop visiting Maui altogether or reduce spending. Additional revenue may be generated by the increased hotel property tax rate, but a loss of revenue will occur as visitor arrivals decline and workers are laid off resulting in less consumer spending and ultimately less tax revenue.

While I understand the need to generate revenue for a successful operating budget it should however be done in a fair and reasonable manner – the current proposed 2020 budget will likely have negative consequences that could potentially result in job losses and less revenue generated defeating the purpose of raising the rate in the first place. Until Maui's economy expands to other sectors that provide good paying jobs – attacking the one sector that does is ill-advised.

I strongly urge the Council to support the Mayor's proposal for the real property tax rates which won't result in unintended consequences.

Mahalo.

EDB Committee

From: Sherri Morgan <sherrimrgn@gmail.com>
Sent: Friday, May 10, 2019 3:36 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: Re: Fair Taxes - Maui County Budget Hearings

Dear Mayor Michael Victorino,

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 go hand in hand with values that are in many cases in excess of what the property can bring on the open market. The current tax rates very high, and they are being applied unfairly and unjustly targeting a segment of the population.

Adding another 28% increase for this segment is an unfair burden on us, and puts the entire short term rental industry in jeopardy. To keep up with the unfair increases, short term rental owners are forced to raise their rental rates thus limiting the number of guests who can continue paying the higher prices.

Our dream was to own a home on Maui that we could use for ourselves and our family and the only way we can do that is by offsetting our expenses with rental income. Even with the increasing expenses associated with our home, we have been able to keep our dream alive; however, we are now getting close to being priced out of the market. We realistically cannot continue to pass our rising costs on to our guests nor can we continue to absorb the increases. I fear the short term rental market will take a big hit if this increase is applied.

Our property is not a hotel or time share, it is our second home. We live on Maui 2 months each year and as soon as my husband retires, we intend to split our time equally between the islands and the mainland. We consider it our home, not a hotel. Is there an allowance to reduce our property tax based on actual time used as a vacation rental? We have been an owner on Maui for 14 years and have the island in our hearts. We have made many friends, and we participate in fundraising and other local community events. 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.

As I'm sure you are aware, the rental industry on Maui supports the community not only with income revenue, but it also 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 do not target 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.

Thank you,

Sherri and Steve Morgan
Kahana Outrigger

EDB Committee

From: Thomas Leigh <Tommy@vegasonerealty.com>
Sent: Friday, May 10, 2019 7:24 AM
To: EDB Committee
Subject: Maui County Property tax increase

Aloha Councilmembers,

My name is Tommy Leigh and my wife's name is Heather Quesada we are owners of a vacation rental in South Maui. This is not just a vacation rental for us, this will become our home full time. This was a dream of ours for years to be able to come and spend time on the place we love so much year after year. We would like to voice our concern about increasing the vacation rental tax rate. We fully understand that the money for, maintenance, improvements and infrastructure needs to come from somewhere; but there has to be a much less-lopsided alternative. We just had a 1% increase in the TAT which directed at travelers, even though this increase will be directed at us as the owners the increase will naturally get passed on to the visitors through rate hikes to cover our fixed costs. This isn't anything anyone would like to see. People come to Maui and spend their money within the local economy. This will greatly deter those families to spend as much here or cause Maui to be much less affordable then other destination spots.

As you well know tourism is one of main supports of our economy and we fear we will soon be pricing ourselves out of the market and as a result we will not be able to afford our home anymore, therefore lose our home and our future retirement home. If this bill passes it will become an easier choice and cheaper alternative for people to vacation in other location. From there it's a ripple effect to all the local businesses: restaurants, shopping, activities, housekeepers, maintenance etc.

Maui is one of the greatest beach destinations in the world but again we are concerned the cheaper choice to visit other markets like Mexico, Florida, the Bahamas, parts of California etc. which will cause us to lose our dream of being able to visit, enjoy and eventually retire on this place we are trying to make our home.

Being from Las Vegas we have personally seen a huge cost incase for tourism and as a result it has backfired. Hotels are not booking as they once did, less and less travelers come to Las Vegas each month. The hotels are laying off people left and right. Last week alone 1000 people from 1 hotel umbrella were laid off with much more to come. A lot of the changes that were made are now being reverted as a result of the loss is tourism. This is economic suicide to rise these taxes 66% and this will cause much more damage to everyone then good. There has got to be another way.

PLEASE DO NOT LET THIS BILL PASS!

Mahalo,
Tommy Leigh
Condo Owner in South Maui

EDB Committee

From: Wright Penniman <wpenniman@gmail.com>
Sent: Friday, May 10, 2019 3:30 AM
To: EDB Committee; Keani N. Rawlins; Kelly King; Riki Hokama; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara.Paltin@maicounty.us; Shane M. Sinenci; Yukilei Sugimura
Subject: Maui County Budget Hearings - I support fair tax rates

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

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

Short Term Rentals are currently taxed at \$9.28/\$1000 which is the third highest, only exceeded by Hotel and Resort and Time Share rates. An extreme increase in the Short Term rental rate puts an unfair burden on the individual owners of these properties and the guests to these properties which can only harm Maui's small businesses that so greatly depend on the vacation rental industry.

We have a strong vacation rental industry on Maui, subject to appropriate restrictions and standards and a fair, current 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 variety of accommodation options in the vacation industry allows for visitors to choose their Maui experience and will continue to draw these visitors back to Maui which is so critical for the success of small businesses who benefit from this tourism.

I am supportive of the Economic Development and Budget Committee's efforts to find a fair and equitable solution for taxing the vacation rental industry that limits any negative impact on Maui. Currently, short term rentals bring in almost \$80 million in direct taxable revenue and has created thousands of jobs for our island as well.

I have been visiting Maui my entire life as my mother was born and raised on Maui and my grandparents came to Maui in the 1930s. I had always dreamed of owning my own Maui property one day so that my family and I could make Maui our second home. Recently we have been able to achieve that dream but only because the short term rental income our property generates for 11 months of the year is just enough to cover the expenses which allow us to spend one month a year on Maui. Additionally, we are proud to know that the guests who stay in our property are continuously contributing to Maui's economy and especially the success of Maui's small businesses. Thank you for considering my testimony and I hope you will think about it as you continue to craft this bill.

Thank you,
Wright Penniman and family