

EDB Committee

From: John and Christel Blumer-Buell <blubu@hawaii.rr.com>
Sent: Wednesday, October 16, 2019 12:05 PM
To: EDB Committee
Cc: David M. Raatz
Subject: PUBLIC TESTIMONY FOR EDB COMMITTEE MEETING OCTOBER 17, 2019, REGARDING COUNTY PROPERTY TAX REFORM EDB-37. PLEASE POST AND CONFIRM RECEIPT. MAHALO!!!
Attachments: EDB-37 County Propert Tax Reform, October 15, 2019.pdf; NEW 1991 Maui News, Property Tax Reform copy.pdf; COMET CHARTER PETITION.pdf; Tony Fisher Viewpoints and Charter Amedment Disclosures.pdf; Bill Tavares. Maui News Viewpoint..pdf; Hawaiians Threatened by Unfair Property Tax System.pdf

Aloha EDB Committee Staff,

Please timely put letter and all 5 Exhibits in committee records and post online.

Please confirm successful receipt of documents.

Mahalo!!!

John

LETTER-PUBLIC TESTIMONY TO EDB COMMITTEE

EXHIBIT 1, Maui News April 12, 1991

EXHIBIT 2, 2008 COMET Proposed Charter Amendment Petition

EXHIBIT 3, Tony Fisher Viewpoints and Charter Amendment Disclosures

EXHIBIT 4, Maui News Viewpoint by Bill Tavares, "County Council continues to avoid a comprehensive property-tax study"

EXHIBIT 5, Maui News Letter to the Editor by John Blumer-Buell, "Hawaiians Threatened by Unfair Propert Tax System"

COMMITTEE FOR MORE EQUITABLE TAXATION (COMET)

John Blumer-Buell, Co-Chair, Post Office Box 787, Hana, 96713 Telephone
248-8972 Email blubu@hawaii.rr.com

October 15, 2019

Maui County Council Economic Development and Budget Committee, Keani
N.W. Rawlins-Fernandez, Chair.

200 South High Street, Wailuku, Hawaii, 96793

Sent Via Email with phone confirmation of receipt to:
edb.committee@mauicounty.us

Subject: COUNTY PROPERTY TAX REFORM (EDB-37)

Aloha Chair Rawlins-Fernandez and Committee Members,

Mahalo for your diligence and willingness to study, investigate,
educate and reform the Maui County Real Property Tax System.

**1. “The Historical Promise of Maui Property Tax Reform” and
“Market Value Verses Acquisition Value Assessments”**

As stated in my April 5, 2019, “2019-2020 Budget Testimony”,
“This is an important affordable housing issue.” And, **“Today, a
study is needed more than ever to insure long-term, perennial,
affordable housing is available to kanaka maoli and multi-
generational ‘ohana of all cultural and ethnic heritages. The unfair
and immoral “market value” property assessment system needs to
be reformed to insure those who want to live and die here will not be
taxed out of their homes or off their ‘aina.”** The late William D.
Tavares, Co-Founder and Co-Chair of COMET contributed to and
approved all the testimony in this letter. ‘Onipa’a!

I want recognize and honor COMET Founders Bill Tavares, Morrow Bagda, Beatrice and George Kehanu and Lyle Bettger. They deserve a great deal of praise and gratitude for their persistence in educating the public and achieving results. You can thank COMET for the freeze on taxes for several years, the increased homeowners deductions over the years and the “circuit breaker”. However, these measures have not gone far enough in addressing property tax issues.

I also was to recognize late COMET Vice Chair Tony Fischer. He became an important voice in moving property tax issues forward and was instrumental in the creation of the proposed COMET Charter Amendment. Please read his 2005 “Viewpoint” from the Maui News referenced further down the page.

COMET and numerous impacted citizens have been waiting for council promised “Property Tax Reform” since April, 1991....more than 28 years ago. Enclosed for your information as Exhibit 1 is the Maui News front page story dated April 12, 1991, titled “Major property-tax reform proposed”. Please read the entire story by Mark Adams.

In the box titled “Highlights of the Tax Proposal” please note; “A study of the current tax system would be completed, with recommendations developed for revamping the system at the end of the three-year period for the proposed reform package. Possibilities for changes include doing away with the “comparable sales” method of assessing properties”.

Please understand, the property tax reforms initiated in 1991 included a positive collaboration between the Maui County Council and COMET.

Because the Maui County Council failed to make recommendations for revamping the system at the end of the three-year period or since 1991, COMET initiated a “PETITION FOR MAUI COUNTY CHARTER

AMENDMENT” for the 2008 ballot for property tax reform. The proposed charter amendment is attached as Exhibit 2. A Viewpoint by late COMET Co-Chair Tony Fisher explains the details of the Proposed Charter Amendment (Exhibit 3). The proposal should be carefully scrutinized and fully understood as part of your deliberations.

The proposed charter amendment received significant public support with over 6,000 (six thousand) signatures. However, because of the prohibitive requirement for signatures, the measure did not qualify for the ballot. Unfortunately, sadly, regrettably, unhappily and woefully, the Maui County Council would not even vote to allow the voters of Maui County decide the issue through a democratic vote. Auwe!

An historically important February 26, 2016, Maui News Viewpoint by William D.Tavares titled “County Council continues to avoid a comprehensive property-tax study” is enclosed as Exhibit 4. Bill stated in part, **“As I have asserted many times in the past, anyone who insists that our property tax system is a just, fair and moral system, is an unfortunate victim of invincible ignorance.”** The term "invincible ignorance" has its roots in Catholic theology.

2. “Hawaiians Threatened by Unfair Property Tax System”

On June 10, 2014, COMET submitted testimony regarding numerous property tax issues to the Maui County Council. On page 6, we requested in part;

“2) Writing a provision in the County of Maui Tax Code to EXCLUDE Native Hawaiian, kanaka maoli, properties from County of Maui property taxes. Conditions for qualifying for exclusion would include provisions that the property, ‘aina, could NEVER be sold or become speculative. With the re-emergence of Hawaiian Sovereignty, it is quite logical that Hawaiian lands will become part of a different “Land System” and stay forever in Hawaiian hands. COMET would like the County of Maui

to take a leading role in the transition. More than a hundred years after the illegal overthrow of the Hawaiian Kingdom, it is time for the County of Maui to help end the suffering and injustice.

Please be courageous. It is time for “Liberty and Justice for All”.

A 2003 Maui News Letter to the Editor titled “Hawaiians threatened by unfair property tax system” is enclosed as Exhibit 5.

I respectfully suggest you consult with Dr. David “Keanu” Sai, the Native Hawaiian Legal Corporation, the Reinstated Hawaiian Government, additional Hawaiian Sovereignty Organizations, the Aha Moku Councils and the Maui County Cultural Resources Commission as part of the “Property Tax Reform” process.

In your deliberations, please be mindful of ahupua’a land use values which include the essence of the Hawai’i State motto, “Ua mau ke ea o ka aina i ka pono. The life (sovereignty) of the land is perpetuated in (by) righteousness”.

3. “Recognizing and Incorporating Community Values”

On June 10, 2014, COMET submitted testimony regarding numerous property tax issues to the Maui County Council. On page 2, we stated in part; **“The excessively harsh, severe and draconian, “gutting” of the circuit breaker is NOT understandable or credible when you apply “Focus Maui Nui Values”, the “Precautionary Principal” and the “Public Sentiment”.**

COMET appreciates that Council Members Guzman, Victorino and White have introduced bills to help address part of the flawed circuit breaker legislation. However, **all of the previously “gutted” issues need to be revisited in a timely manner.**

WHAT IS FOCUS MAUI NUI? From May through August 2003, the residents of Maui Nui (Maui, Molokai, Lanai, Kaho’olawe) engaged in a groundbreaking process to define a vision for their future. Focus Maui Nui brought approximately 1,700 residents into an intensive participatory process, emphasizing the importance of local needs and priorities. Representing all planning districts and the islands’ broad range of demographic groups, participants **articulated the values** they believed should guide Maui Nui, the challenges the islands face, strategies for addressing these challenges, and a set of broad and diverse actions involving participation by all residents, businesses, and government.

“FOCUS MAUI NUI VALUES”

“To accomplish our vision our islands must foster and respect the spirit of *aloha*, consider the generations of Maui Nui, yet-to-be, and be true to our core values:

“To accomplish our vision our islands must foster and respect the spirit of *aloha*, consider the generations of Maui Nui, yet-to-be, and be true to our core values:

- * Stewardship of natural and cultural resources
- * Compassion and understanding
- * Respect for diversity

- * Engagement and empowerment of local people * Honoring cultural traditions and history
- * Consideration of the needs of future generations * Commitment to local self-sufficiency
- * Wisdom and balance in decision-making
- * Thoughtful, island-appropriate innovation”

Does gutting the circuit breaker demonstrate the application of ANY of the “Focus Maui Nui Values”? NO!

“The Precautionary Principle”—Do No Harm

(From Wikipedia)

The **precautionary principle** (or **precautionary approach**) generally defines actions on issues considered to be uncertain, for instance applied in assessing [risk management](#).^[1] The principle is used by policy makers to justify discretionary decisions in situations where there is the possibility of harm from making a certain decision (e.g. taking a particular course of action) when extensive scientific knowledge on the matter is lacking. The principle implies that there is a [social responsibility](#) to protect the public from exposure to harm, when scientific investigation has found a plausible risk. These protections can be relaxed only if further scientific findings emerge that provide sound evidence that no harm will result.

In some legal systems, as in [law of the European Union](#), the application of the precautionary principle has been made a [statutory](#) requirement in some areas of law.^[2]

Regarding international conduct, the first endorsement of the principle was in 1982 when the [World Charter for Nature](#) was adopted by the [United Nations General Assembly](#), while its first international implementation was in 1987 through the [Montreal Protocol](#). Soon after, the principle integrated with many other legally binding international treaties such as the [Rio Declaration](#) and [Kyoto Protocol](#).

Please take the time to read and comprehend the issues and Exhibits brought forward in this letter. I am available to answer any question at 248-8972.

Please feel welcome to call.....

Malama Pono!

John (Blumer-Buell)

Major property-tax reform proposed

Council panel offers plan to help residents

By MARK ADAMS
Staff Writer

WAILUKU — Substantial changes in the current property tax system were approved yesterday by the Maui County Council's Finance Committee, including eliminating taxes on home improvements made after 1987 and repeal of a tax deferral option enacted last year.

Upon final approval, the five-point package passed by the committee would take effect in the last half of the 1991-92 fiscal year.

The reforms would see homeowners who lived on their property in 1987 and qualified for the owner-occupant exemption at that time sent the same property tax bill they paid for that tax year.

Those who bought homes after 1987 would not be eligible for the provision, but would take advantage of a lower tax rate being considered by the council.

The package would allow for increases in the tax bill to be considered in fiscal years 1993 and 1994, but for now a 3 percent hike contained in last year's reform effort would be eliminated.

Improvements made to owner-occupied properties since 1987, including ohana units, would not be taxed.

A "circuit-breaker" system also would be in effect for qualified households where owners are 60 years or older and the property owner and spouse earn less than \$25,000 a year that attempts to hold property taxes to 5 percent or less of income.

Also, the committee recommended commissioning a study of the current property tax system that would recommend ways the entire process of determining property tax rates could be revamped, including the possibility of scrapping the "comparable sales" method of developing tax bills.

Finance Committee Chairman Rick Medina proposed the changes approved by the committee in re-



The Maui News / WAYNE TANAKA photo

Maui County Council Finance Chairman Rick Medina (center) discusses his property tax reform package with colleagues during a break in yesterday's session. The committee ultimately approved the five-point plan, which would provide relief for

qualified property owners whose home serves as their principal residence. The package was developed in response to rapidly escalating property values in the county.

tax values.

Fair market value of properties sold in a given area are a factor in determining property values. County Finance Director Travis Thompson told the committee that increases this year averaged 128 percent.

Thompson estimated the changes would cost the county about \$5.7 million in lost revenue.

About 25 residents, many of them senior citizens, attended the meeting to support some system of tax reform.

Bill Tavares of Kuuu, chairman of the citizen's Committee for More Equitable Taxation (COMET), asked the committee to support elimination of an "archaic and cruel" tax system.

"The power to tax is not the power to destroy," he said.

'The power to tax is not the power to destroy.'

— Bill Tavares,
Committee for
More Equitable Taxation

Tavares said his group was very pleased with the effort, saying it culminates three years of trying to see some sort of relief enacted.

COMET especially appreciates elimination of the tax deferral, which gave qualified homeowners the ability to delay paying their tax bills until their property was sold, he said.

Critics said the measure amounted

Tavares gave Thompson and his staff high marks for the work they did developing numbers for the proposal.

Council Member Alice Lee said the committee's action demonstrates the council's seriousness about cutting taxes.

Noting the revenue loss, she asked Thompson to request that Mayor Linda Crockett Lingle identify where in her proposed \$181 million budget now before the council's Budget Committee the \$5.7 million revenue loss could be offset.

Lee also noted that Lingle's proposal to drop the residential tax rate to \$3.50 per \$1,000 of assessed value from the current \$4.50 rate will result in an additional \$4.36 million revenue drop, although the mayor has already figured that loss into the new

HIGHLIGHTS OF THE TAX PROPOSAL:

Here are highlights of the Maui County Council's Finance Committee proposal for property tax reform:

■ Homeowners who qualified for the owner-occupant exemption in 1987 would receive the same tax bill they paid for that tax year. Over the three-year life of the plan, the council would have the option of approving annual across-the-board percentage increases above the 1987 bills.

■ Improvements made to a property after 1987, such as ohana units, would not be taxed under the plan. That exemption was approved to simplify the process and allow the program to be up and running by December, when tax bills are sent out for the second half of the 1991-92 fiscal year. If property owners are charged too much on their first-half bill, which would be figured using the current method, refunds could be necessary.

■ The tax deferral system approved last year that allowed homeowners to delay paying taxes until their property was sold would be repealed. The 447 homeowners who participated in the program in fiscal 1991 would still be responsible for paying the amount they owe upon sale of their property.

■ A "circuit breaker" system would be enacted to help homeowners over 60. Household income must be \$25,000 or less, based on the property owner and spouse's earnings only. The plan would see those qualified paying 5 percent of their income in taxes, with a maximum benefit of \$1,250. The amount due would be figured based on the 1987 tax bill for those who qualify.

■ A study of the current property tax system would be completed, with recommendations developed for revamping the system at the end of the three-year period for the proposed reform package. Possibilities for changes include doing away with the "comparable sales" method of assessing property.

Lingle said yesterday that under the charter, she makes the initial budget proposal and the council then makes its adjustments before sending the package back to her.

As far as further cuts go, the mayor said the ball is in the council's court.

Lingle said she has not seen the tax reform package in writing and would reserve comment until it is sent to her office.

The mayor did respond to a proposal to lower the tax rate for homeowners with the owner-occupant exemption to \$3.50 per \$1,000 while leaving the \$4.50 per \$1,000 rate in place for property owners who do not live in a home they own.

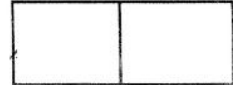
Creating two classes of residential property is an idea that she has supported for some time, Lingle said.

On the circuit breaker proposal, Lingle said she believes it should not be restricted to senior citizens, but should be available to all low-income property owners who face being taxed out of their homes.

Also discussed yesterday were ways to raise revenue from other sources, including creation of a special tax class for golf courses that would be taxed at a rate higher than the current level.

Council Member Vince Bagoyo said the council also should be looking at providing relief for renters who will face pass-along rent hikes from property owners who do not qualify for the program.

The committee's proposal now moves to the Budget Committee for review. Upon approval, it would then go to the full council for action.



PETITION FOR MAUI COUNTY CHARTER AMENDMENT

The undersigned, registered voters of the County of Maui, hereby petition for the submission of the following Charter Amendment to the voters of the County at the general election to be held November 7, 2006 and designate and authorize the following signers of this petition to approve any alteration or change in the form or language or any restatement of the text of the proposed Charter Amendment which may be made by the Maui County Corporation Council and to present the petitions for such Charter Amendment to the Maui County Council. The signers so designated are William D. Tavares, Anthony B. Fisher, Robert Jones, John Blumer-Buell and Morrow Bagda.

PROPOSED CHARTER AMENDMENT

It is the stated policy of the County of Maui to assess property at its market value. Thus, this Charter Amendment will assess all property at its assessed value as of July 1, 2004 as shown on county records or the county assessors valuation of real property if the property was placed on the county records after July 1, 2004. After July 1, 2004, all property shall be assessed at the July 1, 2004 assessment at a plus or minus of no more than an annual 4% adjustment or the Cost of Living October 1 adjustment used for annual Social Security purposes whichever is less. Similarly, the tax rate shall be increased by no more than 2% per year at the discretion of the County Council. This amendment allows the County Council to set the beginning tax rates once, no later than May 31, 2007 and both the 2007 assessments and new tax rates shall become effective July 1, 2007.

Any property that changes ownership during the year from January 1 to December 31, will be reassessed at the price paid and at the time the transfer takes place, plus a pro-rated 4%. Also, this Charter amendment provides for notification of property transfers within seven days of change of ownership with fines and jail time for failure to do so. Notification to the County of Homeowner Exemption eligibility effective at the time of transfer is also included.

Lastly, retention of existing tax assessments and rates shall be allowed for homeowners, only, to transfer their property to children or grandchildren without reassessment. And for seniors over 55, to move into a home equal or less value moving existing tax assessments and tax rates to the new home.

The County of Maui shall adopt such laws, ordinances, rules and regulations, as may be necessary to carry out and which are consistent with the purpose of the foregoing policy and the terms of this Charter amendment.

Table with columns: PRINT NAME (LAST NAME, FIRST NAME M.I.), DATE OF SIGNING, OPTIONAL (PHYSICAL ADDRESS (NO P.O. BOX), SSN # / DATE OF BIRTH), SIGNATURE, and A/R.

“County Council being asked to let voters decide property tax reform”

VIEWPOINT by TONY FISHER

After 17 years of trying to change the basic property tax system for Maui County and, particularly, after having put a specific ordinance before the administration and County Council for almost three years, the Committee for More Equitable Taxation has decided to place a County Charter amendment on the November ballot.

This will be the first time this has ever been done!

Although COMET strongly supports the circuit breaker, homeowner exemption and a reduced tax rate, the issue at hand is reforming the basic idea of the present so-called ad valorem system.

The present system unfairly puts the burden of taxation on the typical resident who chooses to own and occupy property for a long time, and gives the speculator a free ride while taxes double every two to five years.

The COMET-proposed system is not California’s Proposition 13. The objective is to create a system that provides more revenue for the county, creates a less complicated system, speeds up the entire assessment process and allows the county to begin budget analysis in mid-January rather than mid-March as it does now.

Maui County has only six tax assessors. Your property has probably never been assessed by an assessor coming out, objectively evaluating your individual property and comparing it to surrounding properties. This process would require one to two days for each of Maui's 66,000 pieces of property.

I know this because my father spent 25-plus years as an assessor for the federal government, including two years as president of the National Real Estate Appraisers Association in Washington, D.C.

The county uses a much less precise, very subjective system that homogenizes the data for a given neighborhood, called a zone, so that when a piece of property changes hands, everyone who lives in that zone is affected. Computers could accomplish the task of annual reassessment in hours. The county is months behind because the current system is not efficient or fair.

COMET's solution is very simple.

If a person does not sell the property between Jan. 1 and Dec. 31, the property assessment would increase 4 percent or the consumer price index for the year, whichever is less. The tax rate would increase 2 percent. If the property has changed hands, the property would be reassessed at whatever price was paid.

The stay-put person pays his fair share, no more than 6 percent, and the person who buys a piece of property pays exactly what the back of the assessment card says he is supposed to pay, the "market value." This process can be done in a matter of hours as the proposed amendment requires that

when a piece of property is sold, the county must be notified within seven days.

The first-time buyer will know exactly how much the tax bill will be initially and thereafter as long as he owns the property. Since the COMET charter amendment covers all property, the person who is renting his property will not have to pass on huge increases in rent because of escalating property taxes. This is a real and immediate answer to affordable housing.

Lastly, the amendment would allow a longtime lower-income owner to pass property to children or grandchildren without changing the assessment. Seniors who wish to move into a smaller piece of property may do so since there is a provision that allows people over 55 to sell their home and move into a equal or less expensive home and take their “old” tax assessment with them.

We have asked the Maui County Council to vote positively on a resolution that would place the charter amendment on the November ballot. If they will not do so, COMET will be required to collect signatures under the county referendum law.

Tell us of your support by writing to COMET, P.O. Box 792004 in Paia 96779, or by e-mail to tonyabf@aol.com.

It is time for property tax reform in Maui County!

Tony Fisher is vice chairman of the Committee for More Equitable Taxation. He spent 45 years in the computer industry. He lives in Kihei.

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"AND, THE COUNTY COUNCIL SAID NO TO THE VOTERS OF MAUI COUNTY"

Viewpoint by Tony Fisher

The headline that the Maui News chose recently for a Viewpoint article on tax reform was, "County Council being asked to let voters decide property tax reform".

Five members of your County Council voted to not let you have your constitutional right to decide on this issue. Those members were: Hokama, Kane, Molina, Mateo, and Tavares.

The issue was not to approve the matter, but only if YOU had the RIGHT to vote for it in the November election. One member stated that the voters were not qualified to vote on an issue of such complexity—yet voters are qualified to vote for them. That member then proceeded to show complete lack of understanding of the proposed plan by suggesting the new concept would be so much more complicated as to require more personnel. COMET, The Committee for More Equitable Taxation and the proponent of an Acquisition

based Taxation System has repeatedly shown how the proposed system would be MUCH simpler to administer and thus require less people.

Another member went in to great detail about how the Bond Rating of the County would be damaged and cost considerably more in debt financing, totally ignoring the fact that Maui's two sister counties, Kauai and Hawaii had instituted considerably more stringent tax reform and since that was done their Bond Ratings have improved.

Another Council member stated that there had not been enough time to evaluate COMET's proposed system. If three years and hours of testimony are not enough then it appears forever will not be long enough. COMET has modified the Tax Reform concept a dozen times based on input from many sources, none of which has been the Finance Department or the Real Property Tax Department. COMET asked repeatedly for data to show how an Acquisition based System with a cap would INCREASE revenue for the County, and were rewarded with a SEVEN month wait that produced data not in the sequence requested and given to me with the statement, "I don't know what you are going to do with this, it doesn't mean anything". COMET's "stealth" computer expert rearranged the data to that which had been requested, made a fiscal analysis, and reported to the County Council that they were under assessing to the tune of three BILLION dollars creating a net loss of revenue of \$15 million just in property that changed hands over a 5

year period.. To this day, the administration has never produced one single word of explanation to refute this except to say, “it is wrong”.

It is time for the voters of Maui to DEMAND the right to decide—it is a MUCH simpler approach to compute property taxes. There is no question that it penalizes the speculator, as speculators would have to pay their fair share. It is also true that long-term homeowners would significantly benefit.

Two candidates for Mayor are strongly in favor of the plan, John Blumer-Buell and former Mayor Kimo Apana. Three members of the County Council are strong supporters, Michelle Anderson, Joanne Johnson and Joe Pontanilla. Two more members voting “aye” will put this issue on the ballot. Let them know how you feel.

It is well to note that the Maui News in Monday’s editorial had many positive comments about the COMET Charters Amendment. They did miss the one issue that is key to the entire plan, that is to cap the ASSESSMENTS at 4%. COMET is so sure that this system will be a huge success, that COMET’s board voted Monday to add a “sunset clause” to the tax rate cap that would be for two years from the July 1, 2007 implementation date, expiring July 1, 2009. At that time, extension or retention will be done by County Council ordinance action, and that language has been added to the Charter Amendment.

It is time to stop “band-aiding” a broken system that penalizes people who choose to stay in the same home for multiple generations.

It is completely unfair to increase the taxes of a property owner just because a neighbor sold their property for an inflated speculative price.

Look for an ad in this paper and the weekly’s as well which will allow you to sign a petition and mail in your families, friend’s and neighbor’s statement that you have the right to vote!

BY LAW, THE FOLLOWING INFORMATION MUST BE PRESENTED TO ANYONE SIGNING THE PETITION.

MAUI COUNTY CHARTER AMENDMENT 11/07/ 2006

A Maui County Charter Amendment to amend Chapter 4 Section 8-4.3 Powers, Duties and Functions relating to property taxes.

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Chapter 4 of the Maui County Charter is amended by adding the following:

MAUI COUNTY ACQUISITION BASED PROPERTY TAX SYSTEM 2006

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Section 1. The maximum amount of any assessment on real estate property in the County of Maui shall not be increased annually by more than 4% or the

annual National Consumer Price Index (CPI) increase as published by the United States Government, whichever is less. The CPI that shall be used is that which is used for other adjustments, specifically the September 30 figure published in early October that is used to adjust Social Security Benefits. This assessment represents the full cash value of the property, and is to be collected and apportioned according to law. Assessments shall also not be decreased by greater than 4% annually if the CPI goes down.

However, any property that has a “change in ownership” during the period January 1 to December 31 of each year shall be reassessed at whatever the “purchase price” was for the property. Further, the reassessment shall be effective the date of the transfer and taxes for the next (either the first or second) payment shall be due at the time of the transfer and shall be paid at the then current tax rate within seven working days of the filing of re conveyance with the State of Hawaii. A copy of this filing plus the TMK, name and mailing address of the buyer and seller, transfer date, and price paid and Homeowner Exemption Certificate, if applicable, which will be used to provide the Homeowner Exemption simultaneously with the reassessment. All of this information shall be included and sent to the Real Property Tax Department, County Of Maui. Failure to comply with this requirement will result in a fine of \$1,000 or 30 days in jail or both.

The tax rates shall be the following and will be identical for both land and building:

A. B. C. D. E. F. G. H. I. J.

Improved Residential Apartment Commercial

Industrial Agricultural

Conservation

Hotel and Resort Unimproved Residential

Homeowner Time Share

\$ 5.00 \$ 5.00

\$ 6.00 \$ 6.50

\$ 5.50 \$ 4.75 \$ 8.20

\$ 5.86 \$ 2.50 \$14.00

These tax rates shall not be increased more than 2% annually beginning July 1, 2007, except that the County Council may increase these rates once prior to May 31, 2007. Also, the County Council may, by ordinance rescind or extend this tax rate limitation effective July 1, 2009.

SECTION 2

The “full cash value” means the assessed value as of July 1, 2004 as shown on county records or the county assessors valuation of real property if the property was placed on the county records after July 1, 2004. Thereafter, “100% fair market value” shall be the purchase value as stated in the re conveyance or the county assessors valuation for newly constructed property which shall be adjusted to the purchase price at the time it is sold. However, refinancing of the property where the ownership does not change or changing the “ownership” by placing the property into a living trust does not cause an adjustment in the assessment. For purposes of this section, “newly

constructed”, does not include real property that is reconstructed after a disaster, as declared by the Governor, where the fair market value of the real property, as reconstructed, is comparable to its fair market value prior to the disaster.

Any person 55 years or older who resides in property that is eligible for Tax Rate “I”, Homeowner, may transfer their then current tax bill to a replacement dwelling of equal or lesser value located in Maui County and purchased or constructed by that person as his or her principle residence within two years of the sale of the original property. For purposes of this section, “any person 55 years or older” includes a married couple, one member of which is 55 years or older. For purposes of this section a two-dwelling unit shall be considered as two separate single-family dwellings.

The full cash value base (assessment) shall reflect from year to year a maximum increase or decrease of 4% after July 1, 2004 for any given year for properties purchased before July 1, 2004. For properties purchased during the period July 1, 2004 to June 30, 2007, the assessment shall be increased to the price paid for the property plus 4% annually for those purchased between July 1, 2004 and June 30, 2007.

However, any property that is found to be “grossly under assessed” or has any inequity in assessment such as misrepresentation as to land use or is found to be substantially modified without filing of permits or notification to the assessors office, may be corrected during the period November 7, 2006 and December 31, 2009. Such correction is to be made by the County

Assessor. This does not change the land use enforcement code, but rather asks that enforcement be increased.

For purposes of this Charter Amendment, “newly constructed” shall not include any of the following:

The construction or addition of any active solar system. The construction of any fire sprinkler system, and other fire extinguishing system, fire detection system, or fire related improvement that is constructed or installed after the effective date of this paragraph. The construction, installation, or modification of any portion or structural component of a single or multiple family dwelling that is eligible for the homeowner’s exemption if the construction, modification, or installation is for the purpose of making the dwelling more accessible to, or more usable by a disabled person

For purposes of this section, “change in ownership” does not include the acquisition of real property as a replacement of comparable property if the person acquiring the real property has been displaced from the property replaced by eminent domain proceedings, by acquisition by a public entity, or governmental actions that has resulted in a judgment of inverse condemnation. The real property acquired shall be deemed to be comparable to the property replaced if it is similar in size, utility, and function or if it conforms to state regulations defined by the legislature governing the relocation of persons displaced by government actions. The provisions of this subdivision shall be applied to any property acquired after July 1, 2004 but shall affect only those assessments of that property that occur after the provisions of this subdivision take effect.

Notwithstanding any other provisions of this section, the County Council shall provide that the tax assessment of that which is

substantially damaged or destroyed by a disaster, as declared by the Governor, may be transferred to comparable property within Maui County that is acquired or newly constructed as a replacement for the substantially damaged or destroyed property. Property is substantially damaged or destroyed if it sustains physical damage amounting to more than 50% of its value immediately before the disaster. Damage includes a diminution in the value of the property as a result of restricted access caused by the disaster.

Replacement property is comparable to the property substantially damaged or destroyed if it is similar in size, utility, and function to the property it replaces and if the fair market value of the acquired property is comparable to the fair market value of the replaced property prior to the disaster.

For purposes of Section 1, the terms “changes in ownership” and “purchase price”, does not include the purchase or transfer of real property between spouses after July 1, 2004 including but not limited to the following:

Transfers to a trustee for the beneficial use of a spouse or the surviving spouse of a deceased transferor, or by a trustee of such trust to the spouse of the trustee.

Transfers to a spouse or former spouse in connection with a property settlement agreement or Degree of Dissolution of Marriage or legal separation.

Transfers to a spouse that takes effect upon the death of a spouse. The creation, transfer, or termination solely between spouses of any owner's interest.

The distribution of a legal entity's property to a spouse or former spouse in exchange for the interest of the spouse in the legal entity in connection with a property settlement agreement or a decree of dissolution of marriage or legal separation

The purchase or transfer of the principle residence from parent(s) to children or grandchildren may be made without altering the assessment

of the real property up to one million dollars (\$1,000,000) of the full cash value of the real property. This shall apply to both voluntary transfers and transfers from a court order or judicial decree. This measure will become effective on the date that this Charter Amendment becomes effective.

SECTION 3. This Charter Amendment shall be effective upon its approval by the voters of Maui County.

PRESENTED TO THE MAUI COUNTY COUNCIL ON MAY 15, 2006.
FOR APPROVAL OF BEING PLACED ON THE NOVEMBER 7, 2006
BALLOT

Article 14 Section 14-1 paragraph 3, "Such a petition shall designate and authorize not less than three nor more than five of the signers thereto to approve any alteration or change in the form or language or any restatement of the text of the proposed amendment which may be made by the corporation counsel." The five so designated are:

William D.Tavares Anthony B. Fisher Robert Jones
John Blumer-Buell Morrow Bagda

County Council continues to avoid a comprehensive property-tax study

Viewpoint

February 26, 2016

By WILLIAM D. TAVARES , For The Maui News

My family and I live in Kuau, one of the most coveted areas of Maui. The property purchased by my late father, Antone F. Tavares, in 1903 has remained in our family's possession for 112 years. Each year we agonize in anticipation of the current property tax amount. This past year we saw an increase of 50 percent with the possibility of another steep increase this fiscal year.

I recently turned 94 and find it increasingly difficult to live under a property tax system that is as unfair, cruel, immoral and absolutely indefensible as Maui County's is. If I were younger you would see my righteous indignation made visible by public resistance to this abominable property tax system.

COMET (Committee for More Equitable Taxation) has proposed since 1988 that the Maui County Council undertake a thorough study of our present property tax system to no avail. This obstinate attitude was recently reaffirmed by the council chairman, who stated the council would not review its gutting of the "circuit breaker" tax credit or study the present system.

An earlier council recognized the need for a comprehensive study. For those who do not remember, COMET worked constructively with the council to enact the "homeowner's exemption" and "circuit breaker" in 1991. Those were implemented as short-term solutions. The "short-term solutions" have been in place for nearly 25 years. Broken promises.

The Maui News headline of April 12, 1991, stated: "Major property tax reform proposed." One of the proposals was "a study of the current property tax system would be completed with recommendations developed for revamping the system at the end of the three-year period for the proposed reform package. Possibilities

for changes include doing away with the comparative sales (market value) method of assessing property." Broken trust.

Recently, the County Council authorized the study of a "council-manager" form of government for a possible Maui County Charter amendment. As presented, this form could save taxpayers 10 percent through efficiency and take some of the destructive politics out of the current system. The council-manager form would not eliminate the position of mayor. The council-manager form of government is not new or untested. This study is a worthwhile exercise in democracy but raises a serious question.

Why does the current council so easily authorize the study and cost of changing our fundamental county government structure but continue to refuse to study the Maui County property tax system?

There is no good excuse for the County Council to continue to avoid a comprehensive property-tax study. It is long overdue and more relevant than ever.

It is an extremely sad situation that citizens of this once great nation are enduring. Our political leaders on all levels of government are so engrossed in their own political and personal welfare that the basic needs of society are ignored. Whales, porpoises, seals, turtles and even the lowly loli (sea cucumber) are given much attention but our basic spiritual and human needs are often ignored.

As far as I am concerned, this situation is comparable to the situation in Flint, Mich., where the personal health of thousands of citizens was placed in deadly jeopardy by an uncaring government. The current Maui property tax system is causing destructive stress and damaging the health and welfare of many of our citizens. Everyone, including our honored kupuna, Native Hawaiians and future generations, deserves better.

As I have asserted many times in the past, anyone who insists that our property tax system is a just, fair and moral system, is an unfortunate victim of invincible ignorance.

Aloha ke akua.

* William D. Tavares is a founding member of COMET and current co-chair. COMET co-Chair John Blumer-Buell contributed to this Viewpoint.

Hawaiians threatened by unfair property tax system

I am writing in support of COMET (Committee for More Equitable Taxation). My family and I supported its efforts 15 years ago, along with the Hana Community Association and our late Council Member Tom Morrow. We are grateful that COMET is bringing the property tax reform issue back into an overdue public discussion.

I suggest a property tax assessment roll-back based on what residents paid for their property. In the case of longtime and multigenerational families, the valuations would be affordable. These families should be able to convey their properties to the next generation without penalty. This is fair and a way to ensure some affordable housing for the future.

If a property is resold at a higher price, that price would become the new valuation for that property. This is an idea similar to California's Proposition 13.

In Hana, I have seen a number of Hawaiian families come very close to being forced off their land by higher valuations. The next generation will not be able to survive the rapidly escalating valuations and taxes.

Part of this discussion needs to be the tax implications to Hawaiian-owned properties if the Akaka Bill passes Congress or if some other form of sovereignty is recognized.

Does the Maui County government really value our families and communities? The current system threatens individual family and community stability. It also threatens the wonderful and important cultural diversity that makes our community so special.

John Blumer-Buell
Hana