

# Budget, Finance, and Economic Development Committee (2023-2025) on 2023-06-20 9:00 AM

Meeting Time: 06-20-23 09:00

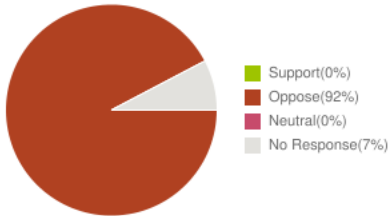
## eComments Report

Meetings	Meeting Time	Agenda Items	Comments	Support	Oppose	Neutral
Budget, Finance, and Economic Development Committee (2023-2025) on 2023-06-20 9:00 AM	06-20-23 09:00	2	13	0	12	0

### Sentiments for All Meetings

The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

#### Overall Sentiment

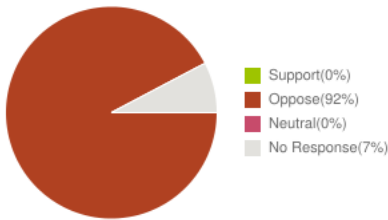


Agenda Name	Comments	Support	Oppose	Neutral
A G E N D A	4	0	4	0
BFED-74 CC 20-115 GENERAL EXCISE AND USE TAX SURCHARGE (BFED-74)	9	0	8	0

**Sentiments for All Agenda Items**

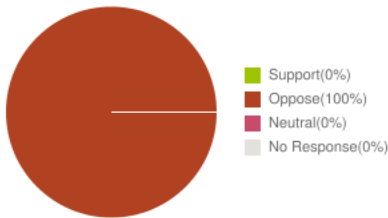
The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

**Overall Sentiment**



**Agenda Item: eComments for A G E N D A**

**Overall Sentiment**



**Zachary Thielen**

Location:  
 Submitted At: 8:42pm 06-19-23

Maui has a severe shortage of healthcare providers, with a 40% shortage of physicians according to AHEC. The last private medical OBGYN practice on Maui has just announced they will no longer deliver babies later this year. Hawaii has the worst shortage of primary care providers in America by far, with 35% of Hawai'i citizens in a health professional shortage areas. That includes over half a million Hawai'i residents according to this new survey:

<https://www.sanabenefits.com/blog/hawaii-wyoming-lead-the-country-in-share-of-population-impacted-by-primary-care-doctor-shortages/>

Hawaii is the only U.S. state to tax healthcare providers for caring for Medicare, Medicaid and TriCare patients. It is forbidden to pass this GET tax on gross income on to Medicare and TriCare patients. Medical practices in Hawai'i have very high costs of providing medical services, and often break even providing care to Medicare and

Medicaid patients. The GET tax on healthcare is a death tax for many private medical practices, and can amount to \$20,000-\$30,000 for solo providers and hundreds of thousands for group practices.

The entire Hawai'i State Senate and every House and Senate committee which heard SB1035 to excerpt healthcare from the GET this session voted unanimously for the measure, however the House Finance Committee declined to hold a hearing on the bill. If the Maui Committee decides to charge another 0.5% surcharge for the GET, that would be in effect another nail in the coffin of private medical practices. It is highly probable that in 3-5 years, there will be few private medical practitioners left on Maui, trending the revenues from taxing healthcare on Maui toward zero. Maui already has significantly higher mortality for many medical conditions compared to Oahu according to Hawai'i DOH statistics.

If the Maui Council does decide to add a 0.5% surcharge, then the Hawai'i Provider Shortage Crisis Task Force respectfully requests that you excerpt healthcare from the GET surcharge. All healthcare provided by hospitals and nonprofit and federal clinics is already excerpt from Hawaii's GET taxation.

Without a GET exemption for healthcare it is very likely that Maui will see little tax revenue from taxing healthcare providers in several years and worsening severe shortages of healthcare professionals, which will in turn effect the entire island's economy.

Scott Grosskreutz

### **Guest User**

Location:

Submitted At: 8:37pm 06-19-23

My name is Eric Rohozinski owner of Maui Physical Therapy. As you may know from my testimony on 6/9/23, I had informed you Hawaii is the only state in the US that require medical practitioner to pay out of pocket the GET on all Medicare and Medicaid patients. As you were informed the Hawaii Medicare and Medicaid fee schedule is fixed and is the lowest fee schedule in the US. Over the last three years our fee schedule was cut a further 9%. Federal law prevents us to have the patient pay the GET. So basically as a medical practitioner in Hawaii we are subjected 4% GET that they can not get from the patient an 4% out of pocket bringing the GET of 8% on medical practitioners. Personally over 30 years here on Maui I have paid around \$334,000 in GET. If I had been working on the mainland this money at 3% compound interest comes to about \$475,500. As shown here working on the mainland makes it possible to buy a home, pay student loans, and pay for your children education much more easier. A further 0.5% to GET will make now 9% tax for us. Working medical practitioners in Hawaii find it very difficult to survive. There has been little if any support from the State. It amazes me that what we are considered as an essential service. History has shown little concern resulting in now a medical crisis. The longer you work in Hawaii you are loosing. How are we able to recruit new doctors and medical practitioners to Hawaii.

Eric Rohozinski

### **Guest User**

Location:

Submitted At: 10:25am 06-17-23

Aloha, I am writing you in regards to the increase in the GE taxes ! Why would you propose something like this in a time of the highest inflation rate in over 40 yrs, ? The people of this country and state are suffering big time at the grocery store, the gas pump, rent, and basically everything they buy. Look at the facts, credit card balances are higher than at any time in history, people are saving less than at any time in history. A recession is predicated by the majority of economists. And you want to increase taxes ? NOW !!!!! Please don't be just one of those out of touch politicians. Please look at what the common people are going through. If your not on a salary or you work for the feds-state - county, this tax really hurts. It will get passed on to everyone eventually. Thank you for your time. Jeff merle

### **Guest User**

Location:

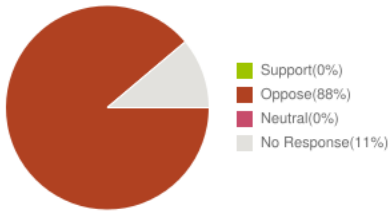
Submitted At: 10:03am 06-17-23

I oppose the .5% increase in the GE Tax for the following reasons: the cost of living in Hawaii is high enough on top of the high inflation this country is experiencing. Food prices have soared this past year as have the cost of

rents. Have you considered what it will be like for tenants on Maui who already pay extremely high rents to have another .5% added to their GE Tax? Or for people on a fixed income to have to pay even more for food and drugs? Please think this through before you vote. There isn't even a plan in place yet for how you will put these additional funds towards infrastructure improvements and how you will account for them. Thank you for your consideration. Debra Merle merle@maui.net

Agenda Item: eComments for BFED-74 CC 20-115 GENERAL EXCISE AND USE TAX SURCHARGE (BFED-74)

Overall Sentiment



**Guest User**

Location:

Submitted At: 11:29am 06-20-23

Increasing GET will only harm the working residents' bottom line for dubious benefit. The market drives housing prices. How about taxing tourism & tourists to pay for our infrastructure that tourism uses a disproportionate amount of? That's more fair and sustainable for folks who actually live here instead of folks taking selfies & using huge amounts of water.

**Scott Grosskreutz**

Location:

Submitted At: 6:53am 06-20-23

Dear Council Members,

Maui County has the fifth worst shortage of primary care providers in a survey of 3000 U.S. counties. Hawaii as a state is ranked the worst state in America for access to care, with half a million state residents in healthcare professionals shortage areas. Hawaii is the only U.S. state that penalizes healthcare providers for caring for our kapuna, military veterans and underserved communities in the Medicare, Medicaid and TriCare programs. Federal policies and CMS officials state that it would be fraud to pass Medicare GEt taxes to patients, as previous encouraged on the Hawaii's Department of Taxation's website Tax Facts 98-1.

Increasing GET taxes on gross revenues for these medical and dental practices will accelerate the rapid loss of medical providers on Maui Island. If the Council does decides to pass this GET surcharge, please show leadership by exempting healthcare from GET taxation surcharge. Without tax relief, it is very probable that there will be few medical and dental practices left to tax in several years.

Scott Grosskreutz, M.D.

**Guest User**

Location:

Submitted At: 4:46pm 06-19-23

From: Hawaii 24 <waynefeike@gmail.com>

Subject: GET Increase

Hi, Please don't increase the GET tax. Find the money through the current revenue stream and budget. We locals are economically dying through a thousand cuts.

Sent from my iPhone

**BFED Committee**

Location:

Submitted At: 4:44pm 06-19-23

Testimony received by BFED Committee

**Zachary Thielen**

Location:

Submitted At: 4:44pm 06-19-23

Dear Honorable Representatives of the County Council,

I am writing to oppose Bill 49. Raising the General Excise Tax would be a mistake and hurt our working class families on Maui worse than anyone. This tax immediately raises the cost of essential goods such as medicine, food and housing in our county which already has one of the highest costs of living. I implore the committee and council members to consider other means of increasing affordable housing on Maui. Partnerships with private industry, reducing red tape and allowing for higher density zoning would go a long way to creating truly affordable housing without passing the cost on to all residents in such a regressive and indiscriminate way.

I am also writing to inform you of one of the many unintended consequences on access to healthcare on Maui. Private practice physicians are required to pay the GE tax, a burden that no other state places on medical practices. I am the owner of Maui Orthopedic Institute LLC. We are an Orthopedic Surgery practice and have increased access to routine care and help to stabilize and maintain 24/7 orthopedic trauma coverage at Maui Memorial Medical Center. While most businesses pass the general excise tax on to consumers, private practice physicians can't pass the tax on to Medicare, Medicaid, or Tricare (Veterans Insurance) patients. Most private practices on Maui are barely scraping by due to inflation, rising overhead costs, and an inability to set our prices to keep up. Essentially all insurance reimbursements are pegged to Medicare rates which have continued to decline. We have already seen the only private Obstetrics and Gynecology practice on Maui discontinue providing obstetric care for the community due to the cost and poor reimbursement. If Bill 49 is passed I believe that many local private practices will continue to close. Physicians have 49 other states to choose to practice in without this burden, almost all of which are also in lower cost of living areas.

Please consider these consequences and vote no on Bill 49.

Sincerely,

Zachary Thielen MD, FAAOS

Owner

Maui Orthopedic Institute LLC

**Cheryl Kaupalolo**

Location:

Submitted At: 2:34pm 06-19-23

Aloha Finance Committee Members,

My family and I are strongly against any increase in the general excise tax and basically any increases in taxes that are paid by local residents. I would hope that the huge budget just passed took into account all of the issues now being used as a reason to put even more taxes on our people. Please address our needs by requiring the County to balance it's budget with efficiency and by taxing the tourist. We all know that the true cost of the general excise tax ON ALL GOODS AND SERVICES is well over 11%. Please, Enough already.

**Guest User**

Location:

Submitted At: 10:52am 06-19-23

Subject: Oppose GET increase

Aloha Council.

A famous line from Raps Hawaii " Dont they know when you raise the prices the cost go up".

I strongly oppose this huge 13% increase in our States all encompassing compounding tax. I agree, Maui should get its fair share, but to put this burden on our residents is not fair. It will raise the cost of so many housing related items. Rents will go up across the board for residential and commercial, affecting the bottom line of all of us. Please rethink this and come up with something that puts the burden on the non resident who are impacting our infrastructure and not paying their fair share. I dont know the solution, but start there and see where the path leads.

Another idea is to exclude all essential things like medical, housing, groceries, gas, and utilities.

Maybe we need a required Maui entry card for non residents. What if 2 million visiting non residents paid \$50 a head to get a Maui County entry Card, \$100 Mill a year. The card could give a "Malahini" discount at LOCAL participating business, so it has value. We all fill out the States antiquated ag form upon arrival, so this could be offered and collected there for the entire state. Local residents or staying with family could be exempt.

Please don't tax us more, the cost of living here is already so high, and we cant afford to lose any more of our next generation.

Thanks

Ben Walin

12 Kaimao St

Paia, Kuau, Maui Hawaii 96779

C 808-250-7687

### **Ben Walin**

Location:

Submitted At: 10:12am 06-19-23

Aloha Council.

A famous line from Raps Hawaii " Dont they know when you raise the prices the cost go up".

I strongly oppose this huge 13% increase in our States all encompassing compounding tax. I agree, Maui should get its fair share, but to put this burden on our residents is not fair. It will raise the cost of so many housing related cost. Rents will go up across the board for residential and commercial, affecting the bottom line of all of us. Please rethink this and come up with something that puts the burden on the non resident who are impacting our infrastructure and not paying their fair share. I dont know the solution, but start there and see where the path leads.

Maybe exclude all essential things like medical, housing, groceries, gas, and utilities.

Maybe we need a required Maui entry card for non residents. What if 2 million visiting non residents paid \$50 a head to get a Maui County entry Card, \$100 Mill a year. The card could give a "Malahini" discount at LOCAL participating business, so it has some value. We as fill out the States antiquated ag form, so may this new requirement could be offered and collected there for the entire state. Local residents or staying with family could be exempt. Covid would have been the perfect time to implement this but its not to late.

Please don't tax us more, the cost of living here is already so high, and we cant afford to lose any more of our next generation.

Thanks

### **Guest User**

Location:

Submitted At: 8:28pm 06-16-23

GET is a regressive tax system which impacts the least economically advantaged among us the hardest. By taxing those of us least able to afford it in order to create water infrastructure for other groups of economically challenged individuals seems like robbing Peter to pay Paul. The county has a challenging history of using water to advantage certain users and groups over others and control development in certain ways. To ask an already very highly taxed group of citizens to pay even more in support of water and county led development could be seen as a risky scheme. Maybe try not building a roundabout In south Kihei that the Dept of Ed said would not

work and using just a little of that money to help the people of all Maui instead. The council must maintain the fiscal trust of the public and do right by us before they ask us for even more.

## BFED Committee

---

**From:** Jonathan Helton <jhelton@grassrootinstitute.org>  
**Sent:** Monday, June 19, 2023 1:56 PM  
**To:** BFED Committee  
**Subject:** Testimony for tomorrow's meeting  
**Attachments:** 6-20-23 Bill 49 (GRIH testimony).pdf

You don't often get email from jhelton@grassrootinstitute.org. [Learn why this is important](#)

Aloha,

Attached is testimony on Bill 49 for tomorrow's meeting. Apologies for being late.

Best,

Jonathan

--

Jonathan Helton  
Policy Researcher  
Grassroot Institute of Hawaii  
1050 Bishop St, #508  
Honolulu, HI 96813  
(808) 864-1776 | (931) 561-7124

[Subscribe to newsletter](#) | [Make a one-time gift](#)

*This electronic message transmission contains information that may be confidential or privileged. The information is intended solely for the recipient and use by any other party is not authorized. If you are not the intended recipient, be aware that any disclosure, copying, distribution of the contents of this information is prohibited. If you have received this electronic transmission in error, please notify us immediately by telephone at 808-864-1776 or by electronic mail to [info@grassrootinstitute.org](mailto:info@grassrootinstitute.org)*





June 20, 2023

9 a.m.

Maui County Council Chamber

**To: Maui County Council Budget, Finance and Economic Development Committee**

**Yuki Lei K. Sugimura, Chair**

**Tasha Kama, Vice Chair**

**From: Grassroot Institute of Hawaii**

**Joe Kent, Executive Vice President**

RE: Bill 49 (2023) — Relating to instituting a general excise tax surcharge

***Comments Only***

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [Bill 49 \(2023\)](#), which would add a 0.5% county surcharge to the state’s 4% general excise tax for the purpose of funding “housing infrastructure,” including “water, drainage, sewer, waste disposal, and waste treatment systems that connect to the infrastructure of the county.”

As we said before, we are concerned that this bill would drive up the cost of living on Maui and harm lower- and middle-income families the most.

Increasing prices would also have a negative economic impact on Maui County residents in general. To quantify these impacts, we used an economic modeling software program known as IMPLAN.

In our model, we assumed that tourists would pay 25% of the GET surcharge, which is in line with other estimates.<sup>1</sup> Thus, residents of Maui County would pay the remaining 75% of the tax — roughly \$60 million of the \$80 million the County projects the tax would generate each year.

---

<sup>1</sup> [“State of Hawaii Tax Review Commission: Study of the Hawaii Tax System,”](#) Study conducted by PFM Group Consulting LLC, Sept. 30, 2017, pp. 48-51.

To model the effect of a \$60 million tax hike, we assumed that this surcharge would lower Maui residents' household incomes, since they would have to spend more money just to maintain the same standard of living.

If each of the 57,354 households in Maui County paid the same amount in tax because of the new surcharge, each would owe an additional \$1,046.13 a year. Table 1 shows the likely economic consequences under that scenario.<sup>2</sup>

<b>Table 1: Same impact on all households</b>	
Jobs	-280
Labor income	-\$15,710,936
Value added	-\$31,101,329
Output	-\$49,869,516

It is likely that Maui households under the poverty line would not pay an additional \$1,046 a year in tax, because many of them purchase food using SNAP — the Supplemental Nutrition Assistance Program, formerly known as food stamps — which is exempt from the GET.<sup>3</sup> Rents from certain affordable housing projects also are exempt from the GET, according to state law.<sup>4</sup>

However, even in a scenario in which households making more than \$200,000 — the highest income bracket in the IMPLAN software — paid the entire \$60 million of the new surcharge, there would be tangible economic downsides. These are described in Table 2.

<b>Table 2: All paid by \$200,000+ households</b>	
Jobs	-202
Labor income	-\$10,981,101
Value added	-\$21,205,439
Output	-\$34,482,212

Thus, the true impact of the new GET surcharge would likely be between 202 and 280 jobs lost, in addition to millions of dollars lost in wages, value added and economic output.

---

<sup>2</sup> According to IMPLAN, Output refers to “the total value of all goods produced” and value added is a subset of that. See: Candi Clouse, “[Output, Value Added, & Double-Counting](#),” IMPLAN, Feb. 14, 2020.

<sup>3</sup> “[An Introduction to the General Excise Tax](#),” Hawaii Department of Taxation, May 2022, p. 4.

<sup>4</sup> “[Hawaii General Excise & Use Tax Exemptions: Tax Year 2021](#),” Hawaii Department of Taxation, November 2022, p. 3.

A large portion of the tax burden would no doubt fall on middle-income families and those who are just above the poverty line. That's because they spend a large percentage of their earnings on basic necessities but do not qualify for state or federal poverty assistance programs. In that sense, the GET is a regressive tax.

Granted, these figures are probably underestimates of the total cost of the surcharge. If tourists paid less than 25% of the new tax, more of it would be borne by Maui residents.

In addition, if tourists reduced their spending to compensate for the new tax, that would cause economic harm to many of the small shops in Maui that get most of their business from tourists.

Another possible downside is that GET increase could exacerbate the state's well-documented doctor shortage.<sup>5</sup> The problem is that too many private practice physicians operate on a very slim margin and medical services are not exempt from the GET, which has led to many doctors moving to the mainland or simply closing up shop and retiring.<sup>6</sup>

As for the purpose of this bill, yes, housing infrastructure needs to be addressed, but that could easily happen through reallocation of current spending and not through a tax that will cost residents jobs and increase the cost of living.

Instead of increasing taxes, county officials could implement smart zoning reforms to allow smaller housing units that would come with lower infrastructure costs and be more affordable to local families.

Promoting ohana units, duplexes and apartment buildings and relaxing parking minimums would be a good first step.

Overall, throwing more money at Maui's housing problem is not really the answer. The problem is too many regulations, not lack of money.

Thank you for the opportunity to testify.

Sincerely,

---

<sup>5</sup> Malia Hill, "[The case for exempting medical services from Hawaii's general excise tax](#)," Grassroot Institute of Hawaii, January 2023.

<sup>6</sup> Melissa Tanji, "[Tax could fund projects, but some worry about cost](#)," The Maui News, June 10, 2023; "[GET exemption is 'low-hanging fruit' to help fix Hawaii doctor shortage](#)," Grassroot Institute of Hawaii, Jan. 28, 2013.

Joe Kent  
Executive Vice President  
Grassroot Institute of Hawaii