

EDB Committee

From: Abe Jacob <aberealtor1@yahoo.com>
Sent: Thursday, May 09, 2019 7:21 PM
To: mayors.office@co.maui.hi.us; EDB Committee
Subject: Fair Tax Rates

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. 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 for a few months a 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.

I am a contributing member of the Maui economy. In addition to taxes I stay at my Island home often, and I spend a lot of money on improving it. Please fight these taxes which will cause many to lose their second home, and ultimately hurt the Maui tourist industry, and tax base.

Thank you,

Abe Jacob

EDB Committee

From: Art Schneider <richmond410@gmail.com>
Sent: Thursday, May 09, 2019 7:24 AM
To: EDB Committee
Subject: Property Tax Increase

Regarding the proposed 60% property tax increase on vacation rentals, I want to register my opposition. As an owner of a vacation rental in Wailea, this increase will cause me to raise my price by \$20/night to pay for it. The result of the increase will be fewer nights rented out. Less renters will mean less need for house cleaners, maintenance men and handymen, and others who help maintain my condo. You will negatively impact the income of these people with a tax increase. This proposed increase is a double edged sword. You will raise money for the government, but you will hurt those who need employment the most. Fewer people staying at my condo will mean less money being spent at various restaurants, stores, doing activities. This will further impact employment on the island and hurt the overall economy of Maui.

I have been told a reason for the increase is to coerce people who currently are renting their property as vacation rentals to instead make them long term rentals to alleviate a shortage of rental property. It's not going to work in the resort areas. Those who need low cost housing would still be priced out of resort areas. When you consider HOA fees, property tax, mortgage on the property, rentals would have to be \$4000 to cover those costs for my condo. Most residents would still be priced out of Wailea.

I come here every four months and stay two months. Renting long term is not an option for me.

Lastly the sheer audacity to raise any tax 60% shows how out of touch with reality you people in government are. If you want more low cost housing, partner with builders and give them incentive to build this housing. There's lots of land available where there used to be sugar cane fields were. Partner up with the owners of this land and builders. The next time someone wants to build condos or luxury housing, as a condition of doing so, they must build low cost housing. Give incentive to the land owners to make land available for these projects. Think long term.

Art Schneider

This email has been checked for viruses by Avast antivirus software.
<https://www.avast.com/antivirus>

EDB Committee

From: Ashley Howard <rahrental@gmail.com>
Sent: Thursday, May 09, 2019 10:35 AM
To: EDB Committee
Subject: Maui Property Tax Increase-- R&A Rentals 59, LLC
Attachments: Maui Property Tax.docx

May 9, 2019

To Whom It May Concern:

My husband and I started our small rental company in February 2016, and have thoroughly enjoyed becoming engaged in the Maui community. We were just made aware though, by our condo complex, that you all are considering a 66% increase on our property taxes. A move like that is very inhibiting to the 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 and/or grow our business. We urge you to reconsider and keep the taxable rate where it currently is, thus allowing small rental companies like ours to maintain a place in, and contributing to, the community.

All the best,

Ashley Howard

Owner, R&A Rentals 59, LLC

EDB Committee

From: carol carolan <carolanncarolan@yahoo.com>
Sent: Thursday, May 09, 2019 1:13 PM
To: mayors.office@mauicounty.gov
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
Subject: Short Term Rental Tax Increases

Dear Mayor Victorino:

As you are aware, current Short Term Rental tax rates are \$9.28/\$1,000, the third highest rate only exceeded by Hotel and Timeshare 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. Now, it has been recommended that the Short Term Rental tax rate be increased by an additional \$1.47 per \$1,000 value, bringing it to \$10.75/\$1,000.

As I have written before, in the past few years, my property tax went from \$5482 per year (when I lived in my house) to \$24,867 per year since I have a Short Term Rental permit. (All of this to rent three bedrooms with a maximum of six people in my home.) With the suggested increase, my taxes will surpass \$28,000 per year! I just cannot comprehend how any government official can convince themselves that this is fair or equitable. In fact, it feels very, very punitive. We love Maui and wish it to prosper for everyone, but this is placing an excessive burden on a select group of people

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 are small business owners and 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, unfair, and punitive 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.

Finally, please make it a priority to vet out those individuals who illegally rent their homes on a short term basis. It's hard enough feeling persecuted by some individuals who blame the short term rental industry for the County's affordable housing crisis, but it is a very bitter pill to swallow knowing those of us who did everything right are being punished while those who do not follow the law, go scot free.

Again, please do not unfairly tax the Short Term Rental industry.

Sincerely,

Carol A. Carolan, Ph.D.

EDB Committee

From: Charlotte Miller <CharlotteJM@socal.rr.com>
Sent: Thursday, May 09, 2019 3:27 PM
To: EDB Committee
Subject: Please read Council members

Dear Council Members,

I have been a property owner for over 27 years. I love Maui and live there for a good portion of the year. I do rent when off island so others can enjoy what I have been blessed with and also in order to afford the taxes and up keep of my condo. When I am on island I am an active community member contributing to local charities and supporting community events. I see possibly living in Maui in the future when my commitments are more flexible on the mainland. My condo has also been passed down in the family from those that also loved and contributed to Maui.

I am not a hotel,time share or have lots of investment properties etc... just one I love. I am very concerned. The tax rates are already very high and squeezing out the more humble property owners who really care about Maui and although not always here still contribute and are also part of your community. I am sure targeting perhaps the bigger business may be a more fair place to tax then taking it out on us small property short term rental owners. We are a select very devoted population that you want.

Please Please reconsider this proposed rate hike.

Thank you,

Charlotte Miller
Kihei Condo owner
CharlotteJM@socal.rr.com

EDB Committee

From: Cindy Anderson <cindy@hollyburn.com>
Sent: Thursday, May 09, 2019 1:54 PM
To: EDB Committee
Subject: Maui County Property Tax Proposed Increase - letter of opposition
Attachments: Maui County Tax Increase LT of Opposition.pdf

Council Member Keani Rawlins-Fernandez
Chairman, Budget & Finance Committee
Maui County Council
200 South High Street, 8th Floor
Wailuku, Hawaii 96793

Dear Chair Rawlins-Fernandez and Members of the Committee:

On behalf of Hollyburn Properties Limited, owner of short-term rental property in Maui County, I would like to express our strong opposition to the proposed increase in Hotel Resort and Short-term Rental property tax rates. The proposed tax increase is inequitable and unreasonable.

As outlined by Executive Director of the Maui Hotel & Lodging Association, implementation of the proposed tax increase will undoubtedly have a negative impact on real property values, tourism, employment and Maui County resident families.

- 1. Maui County's economy is powered in large part by a strong visitor industry, and year after year we see double digit increases to our industry's real property values, resulting in more tax revenues being collected. Based on the increase in property assessed values alone an additional \$13.6 million will be generated at the current RPT rates for Hotel/Resort, Short Term rentals and Timeshare. The additional tax revenue already produced by higher property values should be enough.*
- 2. Many signs have pointed to an economic slowdown over the past year as concerns have been shared by state economists, government leaders, and visitor industry experts. This point was amplified by a recent report by the Hawai'i Tourism Authority that reflected our industry having the worst February performance over the last decade. (See attached report) This is of concern as the month of February is typically the strongest for hotels and sets a benchmark for the remainder of the year.*
- 3. The hospitality industry, which competes nationally and internationally against lower-priced destinations, cannot continue to pass on tax increases to our visitors while concurrently dealing with the state's high cost of living. While national comparisons on taxes are numerous, there is no denying that Hawai'i consistently ranks among the jurisdictions with the highest tax rates for lodging accommodations. We are keenly aware of our position in the visitor market and the cost of a Hawai'i vacation. Any forces that adversely affect our ability to compete, such as having to pass along higher taxes, also impact our appeal as a visitor destination, the availability of money to invest in new hotel properties or renovate existing ones, and employment within the hospitality industry and related travel businesses, all of which has a ripple effect across our entire economy. Small retail and restaurants attached to a hotel or resort will also be negatively impacted by this additional tax increase.*
- 4. The cost of doing business in Hawai'i is already at a point where companies are having a difficult time turning equitable profits. The addition of increased taxes would produce an extra burden on our hotels and resorts forcing them to possibly look at cutting operational costs and ultimately workforce. We are aware that the hospitality industry is the number one private sector employer in Maui County as well as*

one of the highest taxed economic sectors, further levies could result in less jobs, employment cut backs, and curtailment of incentives.

5. *There is the misconception that the visitor industry exists to benefit offshore investment companies. However, not only is the industry the number one private sector employer in Maui County but it is a generous supporter of local community charities. Individual businesses donate money, goods, and services to worthy causes. The Maui Hotel & Lodging Association's Charity Walk, raised over \$1.45 million last year exclusively for 100 Maui County non-profit organizations, granted over \$35,000 last year in scholarships to public school seniors and scholarships to UH Maui college students, and has worked tirelessly to secure matching funds from the State to support organizations that assist our homeless population. We believe in investing in our employees and our community.*
6. *The hospitality industry has enjoyed 7 consecutive years of record increases. We must be mindful, however, that the hotel sector has not benefitted entirely from this growth as more and more travelers are opting to stay at alternative accommodations. With what we have experienced last year in manmade and natural disasters, a hotel strike, and the government shutdown we must be cognizant of the fact that nothing can be taken for granted. In this regard, remaining cost-competitive and not viewing the visitor industry as a source of endless wealth for government must be foremost if we are to maintain our status as a prime destination for many years to come. Furthermore, there are thousands of individuals from every County District who are your constituents, who are employed by lodging and hospitality businesses that are very dependent on their living from the visitor industry to support their families.*

We therefore ask you to reconsider the proposed tax increase, in favour of a zero increase.

Cindy Anderson, Property Manager
On behalf of Hollyburn Properties Limited
Owner, Kaanapali Alii



Head Office -

Cindy Anderson | Property Manager
cindy@hollyburn.com | www.hollyburn.com
Tel: 604.662.7346 ext 113 | **Fax:** 604.662.7355
Vancouver > Calgary > Toronto > Ottawa
[Facebook](#) | [Twitter](#) | [LinkedIn](#) | [Instagram](#)



HOLLYBURN
PROPERTIES LIMITED



May 9, 2019

Council Member Keani Rawlins-Fernandez
Chairman, Budget & Finance Committee
Maui County Council
200 South High Street, 8th Floor
Wailuku, Hawaii 96793

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» **HOLLYBURN.COM**

VANCOUVER

1650 Alberni St, Vancouver, BC
T: 604.662.7345 | F: 604.662.7355

CALGARY

815 4th Ave SW, Calgary, AB
T: 403.265.0100 | F: 403.234.7281

TORONTO

20 Prince Arthur Ave, Toronto, ON
T: 416.923.5945 | F: 416.923.5083

OTTAWA

235 Bay St, Ottawa, ON
T: 613.235.0342 | F: 613.235.0345



HOLLYBURN PROPERTIES LIMITED



- by this additional tax increase.
4. *The cost of doing business in Hawai'i is already at a point where companies are having a difficult time turning equitable profits. The addition of increased taxes would produce an extra burden on our hotels and resorts forcing them to possibly look at cutting operational costs and ultimately workforce. We are aware that the hospitality industry is the number one private sector employer in Maui County as well as one of the highest taxed economic sectors, further levies could result in less jobs, employment cut backs, and curtailment of incentives.*
 5. *There is the misconception that the visitor industry exists to benefit offshore investment companies. However, not only is the industry the number one private sector employer in Maui County but it is a generous supporter of local community charities. Individual businesses donate money, goods, and services to worthy causes. The Maui Hotel & Lodging Association's Charity Walk, raised over \$1.45 million last year exclusively for 100 Maui County non-profit organizations, granted over \$35,000 last year in scholarships to public school seniors and scholarships to UH Maui college students, and has worked tirelessly to secure matching funds from the State to support organizations that assist our homeless population. We believe in investing in our employees and our community.*
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We therefore ask you to reconsider the proposed tax increase, in favour of a zero increase.

Cindy Anderson, Property Manager
On behalf of Hollyburn Properties Limited
Owner, Kaanapali Alii

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T: 613.235.0342 | F: 613.235.0345

EDB Committee

From: Dion Monstavicius <dion_hp@yahoo.com>
Sent: Thursday, May 09, 2019 9:52 AM
To: EDB Committee
Subject: vacation rental tax proposal

Dear members of the Committee,

My parents, Al and Barbara Monstavicius, have been property owners on Maui since the 1970s. As you know, Maui is both a wonderful vacation spot and place to live. Their plans were to eventually retire to Maui. Unfortunately, the current property taxes and maintenance costs of their property are so high, that even at the current tax rates they cannot afford to live in their own beautiful home. They are forced to rent their home at short term rental rates in order to recoup the costs of ownership. Over the past 10 years, the cash flow of these properties has been very low as the great recession nearly wiped them out as their rentals declined to zero while the excessive costs continued to increase. I request the committee to lower their tax rates to a livable rate so as to allow ordinary working people a place to retire.

Sincerely,
Dion Monstavicius

EDB Committee

From: Donn Ampleford <damplef@gmail.com>
Sent: Thursday, May 09, 2019 3:19 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 - fair tax rates for Vacation Rental condos

Dear Mayor Michael Victorino,

My wife first fell in love with the Hawaiian Islands when she vacationed on Oahu and the Big Island with her family in 1965. It was always her dream to have a place in Hawaii. In 2011 we were fortunate to purchase our second home in a primary Vacation Rental beachfront area in West Maui (Kahana). We are Canadian retirees, now on a fixed income. We have been part time residents of Maui for around 3 months each year. We have four adult children and eight grand children that all come to Maui often, some for extended stays. Our condo is a great place for the family to gather!

Our condo is very expensive to maintain. We collect and promptly remit 14.42 percent State of Hawaii taxes on our rentals. Last year we paid over \$27,000 to a local couple for cleaning and interior maintenance. Our annual condo HOA fees are over \$36,000 for condo property maintenance and ground rent, all spent locally. We need Vacation Rental income to assist with our high costs. Stability in our already substantial Real Property Taxes would be very helpful as our condo does not produce positive financial returns.

The Vacation Rental condos in West Maui and Kehei-Wailea are a very key component of the Maui economy. We spend a large amount on restaurants, entertainment, excursions, condo supplies and local service providers and trades. Also, we know that our rental guests spend heavily while in Maui. This all strongly supports the local economy.

We respectfully suggest that the large increase in proposed Real Property Taxes on Vacation Rental condos is both unfair and unreasonable.

Thank you for considering our testimony.

Sincerely,

Donn M. Ampleford

EDB Committee

From: Frank Farah <ffarah@nicolawealth.com>
Sent: Thursday, May 09, 2019 9:01 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: Unmanageable increase in Short Term Rental Tax Rates

Mayor Michael Victorino

Mayors.Office@co.maui.hi.us

Phone: (808) 270-7855

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.

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

Frank Farah, Keiko Ozeki

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EDB Committee

From: george pohoski <gpohoski1@verizon.net>
Sent: Thursday, May 09, 2019 2:11 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: Maui County Budget Hearings - I support fair tax rates

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We share our second home with close friends, family and neighbors on the mainland. Each one of them helps support Maui's economy from the restaurants they eat, shops they visit, activities they pursue on the island and of course new friends they make on the island. We have 5 grandkids 3 in Colorado and 2 in California and they all enjoy their annual visits to Maui. They all contribute to Maui's economy on every visit. We as their grandparents are on a fixed income and another tax increase would place a burden on our financial situation. Thank you for taking time to read our email and please reconsider any tax increase.

George Pohoski
Valley Isle Resort Homeowner

EDB Committee

From: glenn frederick <glennfrederick2@hotmail.com>
Sent: Thursday, May 09, 2019 4:07 PM
To: EDB Committee
Subject: Higher property tax

Sent from my iPhone

EDB Committee

From: Gregg Redmond <gregg.redmond@gmail.com>
Sent: Thursday, May 09, 2019 4:00 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
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Thank you,

Gregg Redmond
3615 Lower Honoapiilani Hwy #421
Lahaina HI 96761

EDB Committee

From: Hein Brand <fhjbrand@gmail.com>
Sent: Thursday, May 09, 2019 10:11 AM
To: EDB Committee
Subject: Proposed property tax increases

Dear esteemed Chair Rawlins and Committee Members:

Our family acquired a condominium which qualifies for use for short term rentals not too long ago. Our consideration was own use with rental a secondary, if useful, way to defray some of the cost. At the time of the transaction we considered positively the stable management and conservative financial management of the county. Not in any of our planning scenarios could we foresee such a dramatic increase in charges. Should this go ahead, it is very likely that we may not be able to continue our ownership. I am guessing that this may be the case for many "partly present owners" like us, which will negatively impact local employment of the many people involved in retailing, hotels, restaurants and all the service segments that support it.

Apart from the impact on our family, this proposal will be so disruptive and erode trust that the impact on the tourist and residential segments will be very negative and I urge council to reconsider.

Kind regards

Hein Brand

EDB Committee

From: James Hare <jamesharesj@yahoo.com>
Sent: Thursday, May 09, 2019 10:47 AM
To: Mayors.Office@co.maui.hi.us
Cc: EDB Committee; Kelly King; Riki Hokama; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Paltin.Tamara.Paltin@mauicounty.us; Shane M. Sinenci; Yukilei Sugimura
Subject: RE: Maui County Budget Hearings - Fair Property Tax Rates

Dear Mayor Victorino,

Please choose not to further burden the Short Term Rental industry with such an aggressive and unfair tax increase. As a Maui condo owner, 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.

The Short Term Rental Tax Rates are currently \$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. 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.

Maui has a healthy vacation rental industry 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 understand, this is not property used as a hotel or time share, it is our second home. We live on Maui 3-4 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 like us. **Is there an allowance to reduce our property tax based on actual time used as a vacation rental?**

Thank you,

James & Caren Hare
Mahana #616
Lahaina, HI

EDB Committee

From: Jane Mitchell <1771mitchell@gmail.com>
Sent: Thursday, May 09, 2019 4:56 PM
To: EDB Committee
Subject: tax increase for short term rentals

I strongly urge you as committee members to vote NO on the huge proposed tax increase for short term rentals. Not only will it affect our rental income but it will make our property less valuable. I am a real estate investor with two short term rental units in Wailea and I have a very experienced background in real estate investment. When purchasing properties, tax rates are always a big consideration. A 16% increase in one year is exorbitant and unreasonable. If the tax goes through, I will not even consider purchasing our third unit in Maui. I will invest elsewhere. I can assure you that other investors will follow suit and you will lose money in the long run.

I URGE you to listen to the people you serve and do NOT vote for an unreasonable increase of 16% in one year for short term rentals.

Jane Mitchell

EDB Committee

From: KapuRaj Kumar <kapurajkumar@gmail.com>
Sent: Thursday, May 09, 2019 8:34 AM
To: EDB Committee; Keani N. Rawlins
Cc: Kelly King; Riki Hokama; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara A. Paltin; 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 Members,

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

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

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

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

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

My **husband** and I own a condo which is our second home at Kaanapali Royal on Maui. This home has become a place where our family can spend a portion of each year. Maui is an island for which we have a true connection and love that stems from its beauty, culture, and genuine 'Ohana feeling. It is a place where we have made so many local friends that we consider our second family. In fact, we continue to support various local charities such as Lahaina tutoring and the Maui Food Bank as they are part of our home town.

Our home is in a vacation rental program to help defray costs such as property tax, AOA fees, and utilities for the times when we are not able to be there. In addition, these rentals and our visiting guests support the community and Maui's economy. A significant property tax increase will cause us to question whether to continue to rent this unit in a vacation rental program or **remove** it from the rental classification and keep it for our own use only. We do not view our condo as a time share or hotel and hope you consider our concerns.

Mahalo!

Kalpana & Raj Kumar

kapurajkumar@gmail.com
(908) 722-4750

EDB Committee

From: kcrane1544@aol.com
Sent: Thursday, May 09, 2019 10:18 AM
To: EDB Committee; Keani N. Rawlins; Mayors.Office@co.maui.hi.us; KellyT.King@aol.com
Subject: Increase of Property Tax Rates on Maui.

Dear esteemed Chair Rawlins and Committee Members:

*I am writing to request Maui County Council **not** consider such a significant hike in the short-term rental property tax.*

Such a dramatic increase in taxes is unconscionable. Short-term rentals represent a market segment markedly different from the time share market. The time share market involves much greater turnover. Short-term rentals on Maui are predominately associated with owner units that are rented out part-time when owners are not on island. In my case, that amounts to rentals for about 50% of the year (180 days). Owner occupancy is much higher for the short-term rental market than for time shares (typically measured in months for owners of short-term rentals versus weeks for time shares).

The short-term rental market already contributes substantially to the Maui County coffers and any proposed increase like this constitutes rate shock, is fundamentally unfair and will send a poor signal to the investment community.

Thank you for all you do for the County of Maui and your reconsideration in this property tax increase.

Kevin Crane

EDB Committee

From: Laura Hansen <islewise@comcast.net>
Sent: Thursday, May 09, 2019 8:21 AM
To: Mayors.Office@co.maui.hi.us
Cc: EDB Committee; Kelly King; Riki Hokama; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Paltin.Tamara.Paltin@mauicounty.us; Shane M. Sinenci; Yukilei Sugimura
Subject: Maui County Budget Hearings

Aloha Mayor Michael Victorino,

My husband and I live in Seattle and own two condos in West Maui. We have one two-bedroom condo at Lokelani that we have owned for nine years and renovated two years ago. We bought a one bedroom condo at Papakea last May and have plans to renovate that as well. My husband is 57 and I am 56. We both work for ourselves and look forward to retiring soon and spending half the year in Maui. We consider West Maui our second home and plan on getting out of the rain, especially in the winter.

We already pay an incredibly high property tax (\$9.28/\$1000) which as you know is the third highest rate only exceeded by Hotel and Time Share rates. The values of our properties are already high, so that coupled with a higher rate of tax and **we will be unfairly burdened**. Another 28% increase...unbelievable. We are on a fixed income, so any increase in property tax will have to be passed on to our guests when we are not using our condos. **Guests already choose between going to Mexico (which is cheaper) and the South East area of the U.S., so it is important that we keep Maui affordable. I worry that this property tax increase will discourage tourism over time.** Maui is already expensive. We have older properties and we have spent a lot of money fixing them up. We are at the point of enjoying them more. We are becoming part of the Maui Community. We have many friends now and visit restaurants, shops, fundraisers as well as hiring locals to work on our behalf. These properties are our second homes.

Short term rentals already comprise 25% of real property tax revenue. Adding another 28% increase on short term rentals puts an extremely unfair burden on us. We might not have bought at Papakea last May if we knew this was in the works. Such moves as this will be short-sided as it will drive the marketability of our units down. It will be less appealing to buyers, not to mention guests coming to enjoy Maui.

We already pay more than our fair share of property taxes because we have chosen to share our homes with guests. Please help to keep a variety of rental options open to guests who want to experience Maui. Our guests help to support small businesses, and many jobs of the Maui population.

Maui has had a stable property tax index and we never dreamed such a dramatic increase was possible. We may have to rethink our retirement timeline as well as staying in Maui.

Please don't make us stay in the Seattle rain!! A 28% increase is outrageous and very short-sighted. Keep Maui attainable.

Mahalo for reading my statement,

Laura Hansen

EDB Committee

From: Linden Fritsch <lindenfritsch9@gmail.com>
Sent: Thursday, May 09, 2019 6:09 AM
To: Mayors.Office@co.maui.hi.us; 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: 2019 Property Tax Increase
Attachments: Property Tax Increase 2019.pdf

Dear Mayor and Councilors/Committee Members

Please find attached our letter containing concerns with the proposed property tax increases for homes such as ours. We appreciate your consideration and thoughtful deliberation.

Mahalo
Linden & Shirley Fritsch

Re: Property Tax Increase May 2019

Dear Mayor Michael Victorino and Honorable Council Members.

My wife Shirley and I were informed that city council was considering a 66% property tax rate increase which would include our condo in Maui Kaanapali Villas. Our family has been coming to Maui since 1989 and we consider this beautiful island to be our second home. Our children join us every year and it has become a tradition to celebrate Christmas in this true paradise. We stay in our unit a minimum of three months a year, which we purchased fourteen years ago. It was the best decision we have ever made and we feel a deep association with the island and the friends we have met in Maui. When we are not in Maui we rent our condo out through a management company to help cover the costs. Shirley and I are retired. If we lost the ability to rent out our Hawaiian home to help cover some of the costs, we wouldn't be able to afford it.

Our second home is not just a short term rental. We buy clothing and groceries here, vehicles, employ local trades-people, have golf memberships, frequent local restaurants, and support the Hawaiian airline industry. When faced with an incredibly high tax increase as proposed, we will be forced to cut back on our discretionary spending. This directly impacts our ability to contribute to the local economy, and the small businesses we love to support. Our guests utilize many of the local services from our recommendations as well. Zip-lining, drive to Haleakala, scuba diving, whale watching, dinner cruises, biking, fishing, hiking, all of the activities we experience.

Shirley & I care about our Maui home, the community, and the people we support. It would be tragic if we see a decline in rentals because of the added 66% increase in property taxation. With a 14.75% surcharge for GET & TAT already on rents under 180 days, this market can only shoulder so much. Vacationing families will restrict their stays to a shorter period of time, or unfortunately find alternative places to vacation which fits their budgets. The net effect is more local businesses, local employees, and local support and community services will see a drop in their revenues. Shirley and I are not against fair and reasonable taxation. We recognize local government does have its challenges, but to put this disproportionate burden on already high property taxes for our unit types is not the answer.

Thank you to all the members of the committee in advance for reflecting on our concerns regarding the proposed 66% property tax increase, and giving thoughtful consideration to its intended consequences but equally as important its unintended consequences.

Mahalo & Kind Regards,

Linden & Shirley Fritsch

Unit #233 - Maui Kaanapali Villas

EDB Committee

From: Lylla / Darryl Corrigan <dlcorrigan@shaw.ca>
Sent: Thursday, May 09, 2019 2:00 PM
To: Mayors.Office@co.maui.hi.us; Lylla Corrigan
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: Short Term Home Owner - Tax Increase

Dear Mayor Michael Victorino and Council Members

Hello, my Aunt and Uncle bought their condo in West Maui in 1975 and enjoyed it for several decades, they have both since passed. Having visited their unit since our honeymoon in 1987, my husband and I were finally delighted to purchase a modest studio unit in the same bldg as the start of our retirement dream in April 2011. Sadly, he was diagnosed with stage 4 Colon cancer in January 2012. With chemo we were able to have 2 long stays in 2013 totaling 5 mths. He sadly passed away in 2014, I am now on my own, retired on a fixed pension and enjoy the same 5 mths on Maui each year, made possible by the support of the many many friends we amassed there over the years before, and since, we bought our unit. I volunteer at the Lahaina Luna High School in the Grade 4 Math Tudor program weekly during the school term during my trips in the fall and then Jan thru April.

When I heard of the 66% tax hike, I was startled to say the least, that is not a sum I can absorb easily. Even the reduced 28% is a hardship given the size of the increase in the few short years since I bought.

Please know that this is very much my second home and I visit with many similar folks in my building and others.

We are not making money on our units, at best we are covering expenses and perhaps a portion of the expenses for my own travels there. My guests only add to the overall economy of the island with their tourist dollars....

Is there an allowance to reduce my property tax based on actual time used as a vacation rental?

Please reconsider the tax decision,

Respectfully,

Lylla Corrigan
Royal Kahana
Lahaina



EDB Committee

From: Nate Nelson <nathanieldjnelson@yahoo.com>
Sent: Thursday, May 09, 2019 10:10 AM
To: EDB Committee; Keani N. Rawlins
Subject: Please do not increase tax burden further

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

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 years as appropriate) Adding another 66% 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.

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 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.

Nate Nelson

EDB Committee

From: PandPmurray <pandpmurray@aol.com>
Sent: Thursday, May 09, 2019 4:02 PM
To: EDB Committee
Subject: Proposed Property Tax Rates and Classifications

Dear Committee Members,

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: Richard Daskam <lahainashores321@gmail.com>
Sent: Thursday, May 09, 2019 10:55 AM
To: Mayors.Office@co.maui.hi.us
Cc: Paltin.Tamara.Paltin@mauicounty.us; Mike J. Molina; EDB Committee; Alice L. Lee; Tasha A. Kama; Riki Hokama; Kelly King; Shane M. Sinenci; Yukilei Sugimura
Subject: Maui County Budget Hearings - I support fair tax rates

Dear Mayor Michael Victorino & County Council Members,

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 our tax valuations has more than doubled. 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 short-term rental properties which then reduces the tax revenues received.

Please understand, this is not property used as a time share, it is our second home. We live on Maui 2-3 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 have been lucky enough to share our home with a family from Wisconsin every winter for over 7 years. They have become Ohana to us, and to our neighbors. I don't know if they will be able to afford the increase in costs and fees that is being proposed. We have also hosted close to a dozen wedding parties and an unknown number of honeymoons and special anniversaries.

As we are getting older, we plan to spend more and more time on Maui to enjoy our home. Is there a provision to reduce our property tax based upon the actual number of months we use the property?

Mahalo,
Richard & Shelly Daskam
Beach Front Condo-Lahaina, Maui, Hawaii
Phone: (562) 857-1965

EDB Committee

From: Rick Russo <rick_russo@hotmail.com>
Sent: Thursday, May 09, 2019 8:12 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
Subject: Short term rental tax

Dear Rep.,

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,
Richard Russo, Maui County

EDB Committee

From: Rob Reid <rob@planfirst.ca>
Sent: Thursday, May 09, 2019 8:21 AM
To: EDB Committee
Subject: Fwd: Potential property tax increase

Sent from my iPad

Begin forwarded message:

From: Rob Reid <rob@planfirst.ca>
Date: April 24, 2019 at 10:35:19 AM PDT
To: edb.committe@mauicounty.us, Keani.Rawlins@mauicounty.us
Cc: stacy.reid@planfirst.ca
Subject: **Potential property tax increase**

Dear committee members.

It has come to my attention that there is a motion in play where you may raise property taxes by 66%. My wife Stacy and I have owned a condo at Maui Kaanapali Villas since 2013. I have been visiting Maui once a year and sometimes more since 2003. Maui is absolutely our home when we are able to be there and we feel a very strong connection to the island of Maui. We rent out our condo when we are not there to cover the many costs that come with condo ownership. Without the ability to rent it out we could not afford to own it. By increasing the property taxes, which by the way has already increased substantially over the years, it will become more difficult to rent as we would have to increase the amount of rent we now charge. This is a big concern to me as it is already very expensive for people vacationing in Maui.

I believe that the recommendation to increase our property taxes to equal time share ownership would be a mistake. We are substantially different than a time share owner because its our home not simply a vacation destination. We contribute to our Maui community through utilizing many services that we require. We are law abiding citizens in both our homes and I believe an asset to both communities in which we own. In other words; we truly care about our Maui home and community and make positive contributions to it.

I ask you to reject the motion to increase our taxes to this unbearable amount as we truly want to retain our Maui home.

I thank each member of the committee for considering mine and many thousands other home owners position.

All the best

Rob & Stacy Reid

#409 - Maui Kaanapali Villas.

Sent from my iPad

EDB Committee

From: Ryan Nobriga <Ryan.Nobriga@westinkaanapali.com>
Sent: Thursday, May 09, 2019 9:25 AM
To: EDB Committee
Cc: Ryan Nobriga
Subject: Testimony on behalf of The Westin Ka'anapali Ocean Resort Villas: Maui County RPT Hearing
Attachments: The Westin KOR Villas RPT Testimony.pdf

Aloha,

Please find testimony being submitted on behalf of The Westin Ka'anapali Ocean Resort Villas.

Sincerely,

Ryan Nobriga
General Manager

THE WESTIN KĀ'ANAPALI OCEAN RESORT VILLAS

6 Kai Ala Drive
Lāhainā, HI 96761
USA

T 808.667.3212 F 808.667.2532

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May 10th, 2019

Kelly T. King, Council Chair
Keani Rawlins-Fernandez, Council Vice Chair
Members of the Council of the County of Maui
Fax: 808-270-7171
E:mail: county.clerk@mauicounty.us

RE: Real Property Tax Rates for the County of Maui for the Fiscal Year July 1, 2019 to June 30, 2020

Hearing date: May 10th, 2019 at 11:00 am

Aloha Chair King, Vice Chair Rawlins-Fernandez and Members of the Maui County Council,

Mahalo for allowing me to submit testimony on behalf of Marriott Vacations Worldwide Corporation, Vistana Signature Experiences and Aqua-Aston (collectively "MVWC") in OPPOSITION to the Real Property Tax Rates for the County of Maui for the Fiscal Year July 1, 2019 to June 30, 2020 ("Council Property Tax Bill"). MVWC is a global leader in the timeshare industry with three resorts on Maui including the Marriott Maui Ocean Club, the Westin Kā'anapali Ocean Resort Villas and the Westin Nanea Ocean Villas.

As we have shared over the years, vacation ownership is an important and stabilizing part of the tourism industry and Maui's economy. Our timeshare owners have made a long-term commitment to Maui by purchasing and owning real property in the County. These owners are consistent and dependable visitors who bring substantial tax dollars to the County and continue to come even during periods of economic downturn. They consider themselves part of the community, volunteer their time for worthy causes and donate their personal funds to many deserving non-profit organizations on Maui. Yet, they are viewed as a burden to our island? While historical averages for timeshare occupancy hovers between 90%- 95% on an annual basis, taking this for granted is not prudent business practice.

Specifically, timeshare resorts provide stable employment to our local residents, offering thousands of good paying and full-time jobs. To be exact, almost \$64 million in timeshare wages were generated and due to the high occupancy; these jobs are less vulnerable to the economic instability that often times plagues our visitor industry. If you speak with any of your constituents who are employed at a vacation ownership resort, they'll tell you that our visitors care very deeply for the island, its' prosperity and share in our desire to maintain a healthy and sustainable future for Maui. Our resorts provide competitive wages and benefits as compared to our "sister" hotels and resorts and we see no difference between these classifications in terms of use or behavior.

Furthermore, timeshare owners already contribute significantly to public facilities and government services through the payment of state and local taxes. For example, timeshare unit owners pay approximately 200% of the costs attributable to them for government services, compared to only about 33% for other residents. These heavy contributions are disproportionate, when compared against limited use of public facilities, but do benefit the community substantially.

While the most recent Maui County Real Property Tax rate proposal dated 4/29/19 seeks to reduce the millage rates on timeshare units by \$1.01 to \$14.40 for every \$1,000 of assessed property value, this still represents a potential difference (if adopted) of \$3.40 *over* the proposed Hotel/Resort Classification tax rate of \$11.00.

We have made consistent and valiant efforts over the years to disprove the current myth that Timeshares belong in a separate tax classification because they somehow act or behave differently from those guests who choose to stay at a traditional Hotel or Resort. Further, we remain the only County in the State that separates Timeshare from the Hotel/Resort classification. Ultimately, the real property tax increases are borne by the timeshare owner themselves, whether these increases come in the form of a tax rate increase or via higher assessed values. Additionally, Hawai'i is the only jurisdiction in the Country that imposes a further tax (TOT) on timeshare owners when they occupy their unit, over and above the taxes that are already paid on an annual basis. These rising costs and desire to segregate timeshare owners in this fashion, can and will have an impact on their desire to visit Maui, ultimately decreasing spending on other tourist related businesses. The increased tax will also have negative impacts on the community by diminishing the resorts' ability to reinvest capital resources on property improvements, charitable giving and what we are able to provide to our hard-working employees. Last year alone, our MVWC resorts on Maui contributed just under \$200K to non – profit organizations on Maui and volunteered over 2,500 hours in giving back of their time. Additionally, The Kā'anapali Ocean Resort Foundation and Charitable Trust (an established 501c3 and 501c4 completely formed and funded by the owners of the Westin Ka'anapali Ocean Resort Villas) are poised to give over \$250K alone in 2019 to similar 501-c3 organizations on Maui. In 2018, that number alone for that entity was close to \$100K. Timeshare owners provide so much into our communities, including long lasting relationships with our employees, retail vendors and non-profit organizations.

For the reasons we have outlined above, we humbly request that you review our placement within the Tax Rate Classes on Maui and reevaluate the need for segregation. We seek the elimination of the timeshare classification and ask to be placed back into the Hotel/Resort classification moving forward.

Mahalo for the opportunity to submit my testimony.

Sincerely,



Ryan A. Nobriga
General Manager
The Westin Kā'anapali Ocean Resort Villas

EDB Committee

From: WorthingtonLawGroup <lawyers@worthingtonlawgroup.com>
Sent: Thursday, May 09, 2019 7:45 AM
To: EDB Committee; Keani N. Rawlins
Attachments: Maui.County.Fair.Tax.Rates.ltr.pdf

Please see attached correspondence.

Sandra B. Worthington, Esquire
Worthington Law Group
215-576-5150 (Phone)

NOTE: New Address and Fax Number below:
1432 Bethlehem Pike Suite E
Flourtown, PA 19031
(215)814-8914 (Fax)

This email contains privileged and confidential information intended only for the use of the individual(s) named above. If you are not the intended recipient of this email, or the employee or agent responsible for delivering this to the intended recipient, you are hereby notified that any dissemination or copying of this email is strictly prohibited. If you have received this email in error, please immediately notify us by telephone at (215)576-5150 or notify us by email at Lawyers@WorthingtonLawGroup.com. Thank you.



WORTHINGTON
LAW GROUP

ATTORNEYS AT LAW

Black Horse Inn Suite E
1432 Bethlehem Pike
Flourtown, Pennsylvania 19031

(215) 576.5150

Fax (215) 814-8914

lawyers@worthingtonlawgroup.com

NOTE: NEW ADDRESS AND FAX NUMBER

May 8, 2019

VIA EMAIL (edb.committee@mauicounty.us) ONLY
VIA EMAIL (Keani.Rawlins@mauicounty.us) ONLY

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

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

In 2018 my husband, Richard Sheppard, and I purchased a condominium at Kahana Villas (Unit F401). It has recently come to our attention that taxes are potentially to be drastically increased on short term rental properties.

As you are aware, current Short Term Rental Tax Rates are \$9.28/\$1,000, 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.

It is my understanding that in the past several years tax valuations have greatly increased. Adding another 66% 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. This increase may also have a chilling effect on real estate sales in Maui.

Please understand, our condo is not property used as a hotel or time share, it is our second home. We just purchased our condo at Kahana Villas in 2018 and spent a month enjoying it and renovating it. We plan to live on Maui 4-6 months each year, have created many new friendships, and we would like to 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.

VIA EMAIL (edb.committee@mauicounty.us) ONLY
VIA EMAIL (Keani.Rawlings@mauicounty.us) ONLY
May 8, 2019 - Page 2


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 Short Term Vacation Rentals.

We purchased our property in anticipation of spending half of every year in Maui upon our upcoming retirement years when we will be on a fixed income. We also purchased it as an asset which we hope to appreciate over time as an investment in our future. We were convinced by our agent in Maui to stop looking in Florida which is much closer to our home on the east coast due to financial and climatic advantages which we would have in Maui. Our plans have been based on a budget which includes reasonable conservative tax increases, but not drastic excessive ones. Such increases will surely discourage anyone considering investing in real estate in Maui.

We would object to this severe unreasonable tax increase as it will cut into our anticipated savings. We would like to know if there will be an allowance to reduce our property tax based upon actual time used as a vacation rental.

Thank you for your attention to our concerns.

Very truly yours,



SANDRA B. WORTHINGTON

SBW/mb

EDB Committee

From: Steve Fuller <stevenfuller@aol.com>
Sent: Thursday, May 09, 2019 11:30 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: SHORT TERM RENTAL TAX RATES - I CONTINUE TO BE OPPOSED

Dear Mayor Michael Victorino,

NOTE: Please feel free to skip to the highlighted paragraphs at the bottom of this email.

The following is a "boiler plate copy":

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.

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.

The following is my personal contribution to the process:

Please choose not to further burden the Short Term Rental industry with such an aggressive and unfair tax increase. Those owners (including me) already pay more than their/our fair share of property taxes. Please do not further discourage the Legal Short Term Property Owners.

I am well aware that the County would like to make improvements to various County areas and services and is looking to property taxes to help to provide the solution. Unfortunately, it is my opinion that the County Council has chosen to disproportionately increase taxes to those that, more often than naught, cannot express their opinion with a vote. Since the desired improvements will usually benefit all who own property on Maui, then step up to the plate as leaders of Maui and receive contributions from all tax payers on a more equitable basis. Do the right thing, not the political thing.

FYI, I own a primary residence and a vacation rental condominium on Maui... so I do vote AND I am actively following your and the Council member actions.

Best regards,
Steve Fuller
(808)283-2420

EDB Committee

From: Ragleywood <ragleywood@gmail.com>
Sent: Thursday, May 09, 2019 4:42 PM
To: EDB Committee; Keani N. Rawlins
Subject: Testimony for Tax Rates
Attachments: Letter to Maui County.pdf

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

Please find attached testimony for tomorrow's meeting regarding the proposed increase in tax rates for short term rentals. We appreciate your consideration.

Mahalo-
Tom & Sandy

Dr. Thomas L. Wood & Ms. Sandra L. Ragley
44-101B Kalenakai Place
Kaneohe, HI 96744

Economic Department and Budget Committee
200 S. High St.
Kalana O Maui Building
Wailuku, HI 96793

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:

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

In the past several years tax valuations have increased significantly – our property’s assessed value has grown by over 19% since 2015. Adding another 66% increase in tax rate is an unfair burden on owner’s like us who purchase second homes and use income from the use of that home when we are not in it to help underwrite the cost of owning the property. Owners like us provide valuable contributions to Maui’s economy. Today, there is a healthy vacation rental industry on Maui which benefits visitors by providing alternatives to the large corporate resorts and timeshares. “Home sharing” through short term rental makes sense, it maximizes both the usefulness of the available land and infrastructure and minimizes the need for major developments that change the character of the island and have a disproportionate impact on residents. This type of use would actually be more consistent with the sustainability goals outlined in the Maui County Tourism Industry Strategic Plan 2017-2026 than increasing the number of hotel units as is discussed in Volume 2 of that same plan.

To make the economics of this discussion more tangible, a simplified balance sheet for a notional \$500,000 vacation rental property that an owner manages to rent out on average half of every month on Maui might look like the below:

Income	
<u>Item</u>	<u>Monthly</u>
14 Nights rental @ \$200	\$2,800

Expense	
<u>Item</u>	<u>Monthly</u>
\$400,000 mortgage	\$2,000
\$500,000 value property tax	\$ 386
GET & TAT on Income	\$ 413
Management Fee on Rental	\$ 840

Insurance	\$ 100
Utilities	\$ 250
Association Fees	\$ 800
Net Profit (Loss)	(\$1,989)

The point of this simple balance sheet is to demonstrate that owners are likely not making huge profits on their second homes. In fact, most are losing hundreds or thousands of dollars every month on their property, but they love Maui and love having their second home to come to as often as possible. They are invested in Maui, and their investment benefits Maui County by providing a significant source of tax revenue as well as employment for thousands of Maui residents. *It should be noted that revenues from Short Term Rental property already make up 25% of real property tax revenue for Maui County.* Additionally, short-term rentals are subject to both GET and TAT on any rental revenue generated which also helps support Maui as well as the rest of the State.

A significant increase in taxes such as is proposed may jeopardize the ability of many owners to continue to carry their property. In the above example, the proposed rate would increase the monthly property tax burden from \$386 to \$642, increasing the monthly net loss by a whopping \$256. With this additional monthly loss, owners may be forced to sell, putting downward pressure on the real estate market and putting the entire short-term rental industry – with its associated jobs and tax revenue – in jeopardy.

Our second home here was originally purchased in 2001 as our future retirement home. We have owned this property for 18 years now through all of the economic ups and downs that Maui has seen over this period. We visit as many times per year as we can, and we have many friends on Maui. We want to be part of this community and we want to contribute our share - but this unjustified radical increase in tax rate is placing an excessive burden on us, as well as other individual owners.

The committee should be clear on this point – this rate increase isn't going to hurt big corporations, it's going to hurt small, individual owners, as well as a large number of Maui residents who depend on the short-term rental industry for their livelihood.

As long-time owners of a short-term rental, we feel that 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. We ask that you choose not to further burden the Short-Term Rental industry with such an aggressive and unfair tax increase.

J Wood

S Ragley

EDB Committee

From: Ginny Surprenant <pfh4ginny@sbcglobal.net>
Sent: Thursday, May 09, 2019 7:30 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; 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: FW: unfair tax increase

From: Ginny Surprenant [mailto:pfh4ginny@sbcglobal.net]
Sent: Thursday, May 09, 2019 10:27 AM
To: 'Mayors.Office@co.maui.hi.us'
Subject: unfair tax increase

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 6 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 \$80/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.

I am a widow and this has been my second home for almost 30 years. It is my home away from home and a place that has many memories. This tax increase is going to be a huge hardship on me. I hope you will understand my plea and reconsider the unfair tax increase.

Sincerely,
Virginia Surprenant

EDB Committee

From: Cairme, Carol <Carol.Cairme@vacationclub.com>
Sent: Thursday, May 09, 2019 9:47 AM
To: EDB Committee; lpaulson@mauihla.org
Cc: Countryman, Bill
Subject: Marriott's Maui Ocean Club Real Property Tax Letter
Attachments: Real Property Tax letter.pdf

Aloha,
Please see attached.

Mahalo,

Carol Cairme

Sr. Administrative Assistant
Marriott's Maui Ocean Club
Phone: (808) 667-1200 ext. 8294
Fax: (808) 667-8141
carol.cairme@vacationclub.com

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Marriott
VACATION CLUB.

MAUI OCEAN CLUB

May 10th, 2019

Kelly T. King, Council Chair
Keani Rawlins-Fernandez, Council Vice Chair
Members of the Council of the County of Maui
Fax: 808-270-7171
E:mail: county.clerk@mauicounty.us

RE: Real Property Tax Rates for the County of Maui for the Fiscal Year July 1, 2019 to June 30, 2020

Hearing date: May 10th, 2019 at 11:00 am

Aloha Chair King, Vice Chair Rawlins-Fernandez and Members of the Maui County Council,

Mahalo for allowing me to submit testimony on behalf of Marriott Vacations Worldwide Corporation, Vistana Signature Experiences and Aqua-Aston (collectively "MVWC") in OPPOSITION to the Real Property Tax Rates for the County of Maui for the Fiscal Year July 1, 2019 to June 30, 2020 ("Council Property Tax Bill"). MVWC is a global leader in the timeshare industry with three resorts on Maui including the Marriott Maui Ocean Club, the Westin Ka'anapali Ocean Resort Villas and the Westin Nanea Ocean Villas.

As we have shared over the years, vacation ownership is an important and stabilizing part of the tourism industry and Maui's economy. Our timeshare owners have made a long-term commitment to Maui by purchasing and owning real property in the County. These owners are consistent and dependable visitors who bring substantial tax dollars to the County and continue to come even during periods of economic downturn. They consider themselves part of the community, volunteer their time for worthy causes and donate their personal funds to many deserving non-profit organizations on Maui. Yet, they are viewed as a burden to our island? While historical averages for timeshare occupancy hovers between 90%- 95% on an annual basis, taking this for granted is not prudent business practice.

Specifically, timeshare resorts provide stable employment to our local residents, offering thousands of good paying and full-time jobs. To be exact, almost \$64 million in timeshare wages were generated and due to the high occupancy; these jobs are less vulnerable to the economic instability that often times plagues our visitor industry. If you speak with any of your constituents who are employed at a vacation ownership resort, they'll tell you that our visitors care very deeply for the island, its' prosperity and share in our desire to maintain a healthy and sustainable future for Maui. Our resorts provide competitive wages and benefits as compared to our "sister" hotels and resorts and we see no difference between these classifications in terms of use or behavior.

Furthermore, timeshare owners already contribute significantly to public facilities and government services through the payment of state and local taxes. For example, timeshare unit owners pay approximately 200% of the costs attributable to them for government services, compared to only about 33% for other residents. These heavy contributions are disproportionate, when compared against limited use of public facilities, but do benefit the community substantially.

While the most recent Maui County Real Property Tax rate proposal dated 4/29/19 seeks to reduce the millage rates on timeshare units by \$1.01 to \$14.40 for every \$1,000 of assessed property value, this still represents a potential difference (if adopted) of \$3.40 over the proposed Hotel/Resort Classification tax rate of \$11.00.

We have made consistent and valiant efforts over the years to disprove the current myth that Timeshares belong in a separate tax classification because they somehow act or behave differently from those guests who choose to stay at a traditional Hotel or Resort. Further, we remain the only County in the State that separates Timeshare from the Hotel/Resort classification. Ultimately, the real property tax increases are borne by the timeshare owner themselves, whether these increases come in the form of a tax-rate increase or via higher assessed values. Additionally, Hawai'i is the only jurisdiction in the Country that imposes a further tax (TOT) on timeshare owners when they occupy their unit, over and above the taxes that are already paid on an annual basis. These rising costs and desire to segregate timeshare owners in this fashion, can and will have an impact on their desire to visit Maui, ultimately decreasing spending on other tourist related businesses. The increased tax will also have negative impacts on the community by diminishing the resorts' ability to reinvest capital resources on property improvements, charitable giving and what we are able to provide to our hard-working employees. Last year alone, our MVWC resorts on Maui contributed just under \$200K to non-profit organizations on Maui and volunteered over 2,500 hours in giving back of their time. Additionally, The Ka'anapali Ocean Resort Foundation and Charitable Trust (an established 501c3 and 501c4 completely formed and funded by the owners of the Westin Ka'anapali Ocean Resort Villas) are poised to give over \$250K alone in 2019 to similar 501-c3 organizations on Maui. In 2018, that number alone for that entity was close to \$100K. Timeshare owners provide so much into our communities, including long lasting relationships with our employees, retail vendors and non-profit organizations.

For the reasons we have outlined above, we humbly request that you review our placement within the Tax Rate Classes on Maui and reevaluate the need for segregation. We seek the elimination of the timeshare classification and ask to be placed back into the Hotel/Resort classification moving forward.

Mahalo for the opportunity to testify.

Sincerely,


William Countryman

Marriott's Maui Ocean Club