

IEM Committee

From: Michael Williams <michaelwilliams@pueofarm.com>
Sent: Tuesday, September 18, 2018 9:00 AM
To: Elle Cochran; IEM Committee
Cc: Kelly King; Autumn Ness; Kate Griffiths
Subject: Resolution on today's IEM Committee Agenda

Aloha, IEM Committee members. Please vote in favor of the resolution on today's agenda urging the Maui Visitors Bureau

to take concrete steps to create programs to better manage adverse visitor impacts on our islands, and to educate visitors on how to mitigate those impacts.

I wish to plant an idea for the Council to consider in next year's budget that would provide new revenue not only to support such over-tourism management programs, but to begin to ameliorate the overloading of our roads, beaches, and parks, and the shortage of truly affordable hotel worker housing: raise the property tax rate on Maui's hotels to match their unprecedented profitability. Maui's hotels are the most profitable in the country, not just in the state. The Waikiki resort hotels, owned and managed by the same global corporations that operate here, pay a property tax rate of \$12.90/\$1000, compared to the Maui rate of \$9.37. The Waikiki hotels are thriving nonetheless: Hawaii Tourism Authority report: <https://www.hawaiitourismauthority.org/news/news-releases/2018/hawaii-hotels-statewide-led-us-markets-in-revpar-229-and-adr-280-in-first-half-of-2018/>). Maui's property tax rates should be higher than Oahu's, not lower, because Maui hotels earn a higher RevPAR (revenue per available room—the gold standard for comparing the commercial value of hotels). The HTA reports Maui's Rev-PAR is now \$313, 60% higher than O'ahu's \$197, and the highest in the United States. A fair tax rate for Maui's hotels would be \$20.60/\$1000, 60% higher than what the less valuable Waikiki resorts pay. Even without revaluing Maui's hotels to their real market value (our assessors are inexplicably forbidden, by the County Code, to use the standard income approach when valuing our hotels for property tax purposes--a restriction that can be fixed with a one-word amendment to MCC **3.48.290**) this fairer tax rate would generate about \$25 million of new revenue annually.

Mahalo for your consideration.

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