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From:	Joanne Foxxe <jofoxxe@gmail.com>
Sent:	Thursday, April 11, 2024 7:17 AM
To:	County Clerk
Subject:	Property tax

You don't often get email from jofoxxe@gmail.com. Learn why this is important

With the median price of residential homes being $1.3 million right now please do not raise property taxes up to 2 million for owner occupied homes

We cannot afford more cost in this most expensive state in the country
If you live on the west side, your business is depressed and it's not a good time to be raising taxes for LAHAINA people.

Warmest alohas,

Joanne L . Foxxe,CRS, GRI, SRES, e-Pro, RSPS
Keller Williams Luxury International
Keller Williams Realty Maui
Kapalua
Lahaina, Hi. 96761

808-385-2918 cell and direct line
Search all Maui properties on my website
Www. JoanneFoxxe.com
Www. Kapaluaadvisor.com

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Resort Specialist

Quality isn't expensive, it is priceless.
Top 100 Hawaii Realtors 2017
And 2022
Oh by the way, I am never too busy for your referrals.

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From: Laurence Chapman <lchapmansd@gmail.com>
Sent: Sunday, April 21, 2024 4:06 PM
To: County Clerk
Cc: Tamara A. Paltin
Subject: Testimony for April 23rd Council Meeting

Dear Council members,

I am testifying on behalf of TVR-STRH owners, objecting to the property tax rates proposed in the Mayor's budget.

TVR-STRHs have had a terrible time since August 8th. First the Governor closed West Maui to tourists, then he discouraged tourists from visiting and repeatedly threatened a moratorium on short-term rentals. Many TVR-STRH owners tried to assist the community by participating in the American Red Cross (ARC) program for housing displaced persons. The ARC refused to deal with TVR-STRH owners or managers who had less than 50 units. This effectively prevented TVR-STRH owners from renting to displaced persons, unless they did it for free, which many of us did. TVR-STRH owners have mortgages, HOA dues, property taxes and other expenses for which they have had to go out of pocket. Almost half of TVR-STRH owners are Maui citizens or residents and most of the non-residents visit as much as they can, while renting to offset costs. We all love Maui's people and its culture.

During this same period, Hotels received the bounty of government funding at a time when they would have otherwise suffered the same fate as TVR-STRHs. It has been widely reported that the ARC paid Hotels over $1 million a day, or over $200 million to date. I have heard of at least one hotel boasting that they beat their rental objectives because the government paid a higher rate than usual tourist rates, with 100% occupancy and no commission payments.

In the face of this disparity, why is the Mayor placing all the property tax increases on TVR-STRHs? Many of us live on Maui, have had major financial losses and are individuals, not off-island corporations.

By my calculations, the hotels have received at least $113 million of excess profit * by charging the ARC a higher rate than they would have obtained from tourists in a normal year, and much higher than they would have received after the fires. This excess profit belongs to Maui. One way to start returning it to Maui would be to significantly increase their property taxes to help with the recovery.

Please consider increasing the property tax rate for Hotels, and not the rate for individual TVR-STRH owners, many of whom are Maui residents.

Laurence Chapman

*In 2023 hotels in the Lahaina to Kapalua region had a revenue per available room (revPAR) of around $312+/-. If we assume the ARC paid $700 a night for 1,600 families for 180 nights, that equates to $202 million dollars. If the ARC had paid for those nights at a revPAR of $312, the savings would be $113 million dollars available to Maui's displaced persons. This rough calculation is probably on the low side and I encourage the county to perform their own analysis.

GRASSROOT INSTITUTE OF HAWAII

1050 Bishop St. #508
Honolulu, HI 96813
808-864-1776
info@grassrootinstitute.org

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Removing barriers to Hawaii's prosperity

April 23, 2024, 6 p.m.
Council Chamber, Kalana O Maui Building

To: Maui County Council
Alice Lee, Chair
Yuki Lei Sugimura, Vice-Chair

From: Joe Kent, Executive Vice President
Grassroot Institute of Hawaii

RE: COMMENTS ON RESOLUTION 24-78 — ADOPTING THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI, EFFECTIVE JULY 1, 2024

Aloha Chair Lee, Vice-Chair Sugimura and other members of the Council,

The Grassroot Institute of Hawaii would like to offer its comments on Resolution 24-78, which would set property tax rates for the coming year.

Above all, I think it needs to be said that it is difficult to properly evaluate a proposed tax rate given as a range rather than as a specific number. This is especially true in that the range of rates offered represent everything from a moderate tax cut to a massive tax hike on multiple property categories.

However, given that the county's proposed budget for fiscal year 2025 includes specific and substantial tax hikes, we will proceed from the assumption that the Council is contemplating broad property tax hikes, effective July 1, 2024.

We are deeply concerned about the effect of significant property tax hikes while Maui residents are already struggling from the effects of continued inflation and economic uncertainty.

The proposed budget includes a wide series of real property tax hikes, especially on owner-occupied homes.

Property tax rates for owner-occupied homes valued at less than $1 million would go up by 5.3%; for homes valued between $1 million and $3 million, by an astounding 25%; and for homes valued at more than $3 million, by 18.2%.

As noted, the largest increase for homeowners — 25% — is aimed at properties valued at between $1 million and $3 million. Given that the median sales price for a single-family home on Maui is $1.3 million,[1] this means that the largest proposed tax increase is aimed directly at the average Maui family.

The proposed rate increases on owner-occupied homes would result in a $3.1 million tax increase, and while this might seem like a small increase relative to the budget overall, it could make a big difference to individual homeowners faced with substantially higher tax bills.

Meanwhile, tax rates on commercial residential properties would be hiked by 13.6%; transient vacation rentals would see a 2.6% increase across the board; and non-owner occupied homes would see property tax rates go up between 2.6% and 12%. These higher rates would result in tax increases of $172,640, $24.4 million and $7.5 million for each class, respectively.

Even if the tax hikes imposed were to end up being lower than those proposed in the fiscal 2025 operating budget, that would not eliminate the burden that a tax hike would represent for Maui residents.

It is important to remember that tax rates are only part of the picture when it comes to property taxes. Property values also help determine the total tax bill for local homeowners. This year alone, Maui single-family home prices have gone up by about 10%, and condominiums by more than 60%.[2] Thus, Maui property owners are being squeezed both by rising home prices and rising tax rates.

Even without the proposed tax increases, Maui housing is on track to become even more unaffordable, hastening the exodus of Maui residents to the mainland or elsewhere.

Some might argue that the property tax hikes are needed to offset increased costs this year, especially costs related to the Lahaina response and rebuilding efforts.

However, much of the $140 million earmarked for an emergency management program is being funded by grants.[3] The required county match for those funds is only about $26.5 million.[4]

[1] "Monthly Market Overview," Hawaii Realtors, March 2024.
[2] Ibid.
[3] Richard T. Bissen, Jr., "County of Maui Budget Proposal, Fiscal Year 2025," County of Maui, Office of the Mayor, March 25, 2024, page 187.
[4] Ibid.

Meanwhile, the estimated increase in property tax revenues from fiscal year 2024 is approximately $51 million.[5] Add to that an estimated $45 million in revenue from the county's general excise tax surcharge and a $260 million increase in grant funds,[6] and it would appear there is no need to raise property taxes at all.

To make matters worse, we have significant questions about the effectiveness of the county agencies that have been tasked with construction of temporary housing and facilities.

Over the course of the public comment period on this bill, multiple individuals have testified about the delays and obstructions they have experienced at the hands of these agencies while trying to build temporary shelters. There is nothing to indicate that increasing funding for the Office of Recovery or an emergency management program will fix this problem— it could even cause more bureaucracy, delay and obstruction in the rebuilding process.

In short, there is no compelling reason to raise property taxes to fund an effort that has, so far, consistently failed to meet the needs of the community.

Maui is facing a challenging year as it works to rebuild and recover. Its residents need a break from higher taxes. Adding a massive property tax hike to last year's GET surcharge would burden residents and the economy far more than any purported benefit to the county.

Rather than adding to the financial challenges of Maui's residents, the Council should be seeking ways to reduce the budget and provide tax breaks to local families and businesses.

We urge you not to raise property tax rates but instead to consider ways to ease the fiscal burden on Maui residents.

Mahalo,

Joe Kent
Executive Vice President
Grassroot Institute of Hawaii

[5] Ibid, p.7.
[6] Ibid.

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ARDA Hawaii
Timeshare with Aloha

April 22, 2024

TO: Councilmember Alice L. Lee, Chair
Councilmember Yuki Lei Sugimura, Vice-Chair
Members of the Maui County Council

FR: AMERICAN RESORT DEVELOPMENT ASSOCIATION - HAWAII (ARDA-Hawaii)

RE: THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025

(Sent via e-mail to county.clerk@mauicounty.us)

Dear Chair Lee, Vice-Chair Sugimura, and Members of the Maui County Council:

Thank you for the opportunity to submit this testimony with **COMMENTS** on the **REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025 ("Council Property Tax Bill")**. ARDA-Hawaii is the local chapter of the trade association for the timeshare industry. Timeshare is an important and stabilizing part of the tourism industry and Maui's economy.

The current version of the Council Property Tax Bill provides proposed ranges for real property tax ("RPT"). Timeshares currently pay the highest RPT rates in Maui County at $14 per $1,000. The measure proposes RPT rates for timeshare units ranging from $14 to $24 per $1,000 for the upcoming fiscal year. ARDA Hawaii is concerned with any potential RPT increase and would respectfully recommend maintaining the current RPT rate at $14.60.

ARDA Hawaii fully understands the economic challenges for Maui County and is ready to continue its support of the people of Maui in wildfire recovery efforts. The timeshare industry has already strongly supported recovery efforts having collectively contributed over $2 million to support Maui community relief efforts and by temporarily housing displaced team members, their families, other displaced residents, and first responders. Several ARDA Hawaii members have provided temporary housing, food, supplies, on-site counseling, and fiscal benefits like disaster pay through Sept. 1, 2023, and committed a minimum of $250,000 in direct emergency grants to impacted team members.

Ultimately, the increase in RPT would be borne by the timeshare unit owners, which will increase the cost of timeshare ownership, thus discouraging a reliable and resilient part of Maui's tourism economy. This may cause a decrease in demand for Maui timeshare units, where owners have other destination options, right at the time when Maui should be encouraging visitors to return to increase economic activity. Such a decrease will further delay the recovery of other tourist-related businesses and negatively impact Maui's economy.

Timeshare owners have made a long-term commitment to Maui by purchasing and owning real property in the County, significantly supporting Maui's budget. 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. Indeed, historical averages for timeshare occupancy hovers around 90%, outpacing traditional lodging by a significant amount. Timeshares also provide alternative accommodation options to our islands' visitors without posing the same tax collection and land use issues that many vacation rental units do. Further, timeshare resorts have provided more than a thousand, good paying and full-time jobs for Maui residents.

Moreover, 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, when compared to the limited use of public facilities, benefit the community substantially. On the other hand, Hawaii timeshare owners face increasingly rising costs, which are among the highest in the nation, and have seen their maintenance fees go up significantly over the last couple of years.

For the foregoing reasons, ARDA Hawaii respectfully provides this testimony and would support Mayor Bissen's initial proposed budget, which keeps RPT rates for timeshares the same as the previous fiscal year. The timeshare industry looks forward to honoring its long-term commitment to Maui and working with Maui County to find a solution to aid residents impacted by the wildfires.

Thank you for your consideration.

Mitchell A. Imanaka
ARDA Hawaii

REALTORS®ASSOCIATION
OF MAUI, INC.

April 23, 2024

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Council Chair Alice Lee
and Members of the Council
200 South High Street, Council Chamber
Wailuku, Hawaii 96793

Aloha Chair Lee and Council Members:

I am providing comments on behalf of the Realtors Association of Maui regarding the Mayor's Proposed Fiscal Year 2025 Budget.

We are coming out of an unprecedented year and accordingly now dealing with an unprecedented budget.

Because of the devastation we encountered, residents are being asked to make sacrifices, give more and share a sense of compassion for those that lost everything they had, including loved ones.

I am proud to say that RAM was able to assist in a variety of different ways, such as:

- Securing a $1.5 million grant to distribute $3,000 grants to survivors.
- Provided additional grants to MEO, Firefights Relief Fund, Kako`o Maui, Friends of the Children's Justice Center of Maui and the Living Pono Project.
- Members coordinated with Maui Food Bank to set up one of the first food distribution centers on the West Side
- Created the Maui Kokua website to provide information and access for assistance.
- Visited shelters to help families with insurance claims, mortgage questions, housing assistance, and legal aid
- Condemned unsolicited property sales from outside realtors.
- Reached out on numerous occasions to members, clients, property managers to provide vacant or short-term rentals for survivors.

The next level of recovery will come in terms of financial support to allow our survivors the opportunity to try to rebuild their lives. The County has been fortunate to receive assistance from the generosity of private donations, government grants and in-kind contributions.

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Gary@RAMaui.com • www.RAMaui.com

However, there is one additional way the financial assistance will be generated, which is through taxation.

Accordingly, I would like to focus my comments on the proposed real property tax adjustments offered in the Mayor's FY 2025 Budget. It appears that 3 of the 12 real property classifications are being asked to help flip the bill for the recovery efforts.

The Mayor is proposing to increase Owner Occupied, Non-Owner Occupied and TVR-STR rates to generate an additional $51 million in revenue.

Unfortunately, these 3 classifications are being hit with a "double whammy", an increase in assessed value and an increase in real property tax rates.

Let me give you an example on how this hit close to home. My real property assessment increased $101,000 from January 2023 to January 2024, which is a 21.5% increase in value.

During the same period last year, the median sales price of a home in Maui only went up 8.6%.

With the assessment increase and the proposed increase in the tax rate our real property tax bill is going to increase a total of 28%.

I'm just one taxpayer, can you imagine how many more of your constituents may have to pay 28% or more in taxes because of this "double whammy"?

With all due respect if I knew that that 28% was going strictly to recovery efforts, I would welcome the opportunity to contribute.

Another area I wish to bring up is the TVR/STR classification. I realize that TVR/STR are not going to win a popularity contest with our residents, but I do want to remind you that when you asked for help, 1200 short-term rental owners came through.

No doubt they received significant rents and tax relief, but once that's over it's back to reality. Is it right to thank them for their assistance by saying now pay these inflated tax rates.

The TVR/STR classification over the last 4 years has consistently been 30% to 40+% of our real property tax revenue, with estimates for FY25 being nearly $250 million. There are 9 classifications that are not experiencing property tax rate increases. Is it fair to place the burden on one property tax class while Hotels are making bank during the recovery?

The Department of Planning has taken an active role in locating illegal TVR/STR operations. By continuing to increase short-term tax rates you could be driving operations underground. Why would someone classify their property as short-term rental when they will be hit with high property tax rates?

REALTORS® ASSOCIATION OF MAUI, INC.

In an April 15, 2024 Civil Beat article, a representative from Oahu Short Term Rental Alliance stated that "about a third of short-term rental owners still haven't registered their properties, because of uncertainty over how much they'll have to pay in taxes."

Is the strategy of taxing TVR/STR's out of the market working? I would say with over 7,500 apartments, condo's, B&B's, rooms and STRH's, it doesn't appear to be working.

If you're asking the taxpayers to bite the bullet, you should be asking staff and the various departments to do the same. I realize most salary increases are dictated through collective bargaining and certain expenditures are required such as employee benefits and retirement programs.

Kudos to the Mayor's Office, for keeping salaries in check at 1.8%.

However, the Salary Commission is recommending increases for department Directors and their Deputies, you discussed this yesterday. Is now the time to grant salary increases when you don't know if the State will come through with the financial assistance the administration requested.

Salaries may be a very small portion of the overall budget, but it's the principle of the matter and the perception that staff is getting fat while West Maui residents are struggling to get by.

Furthermore, I want to extend props to the Councilmembers for taking the initiative to make cuts in expenditures. Thank you for taking these bold steps to focus revenues on recovery.

We encourage you to seek other areas within the proposed budget to implement further cuts. There may be other areas to cut, such as delaying equipment purchases one more year, using bonds instead of cash, determining whether a study is necessary at this time.

In closing, yes, as taxpayers we need to pay our share to help with recovery and County operations. However, we ask, is 28% fair?

We ask that you continue to scrutinize the budget to determine if more expenditures can be cut, reduced or delayed, so as to prevent further increases in real property tax and to lessen the burden on taxpayers and your constituents.

Thank you for your consideration of our request. Should you have any questions please contact me at 808 586-6871 or gary@ramaui.com.

Sincerely,

Gary Saldana

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Brian Gabrielson

Kihei, HI

To whom It may concern,

I am a B&B permit holder in Maui County starting 2020. This testimony is to comment on the sharp increase in property tax over the last couple of years, and the one purposed for the next year:

I believe in paying taxes and serving the community, so I will keep this brief and only give my opinion on the sharp increase of property tax in terms of how I'm affected.

My wife is a massage therapist and I'm a waiter at two hotels in Wailea. We were probably foolish to invest as much as we did for the permit. Like any hotel worker in Wailea, we were just looking to hedge the slow season of tourism. Trying desperately to invest in our future enough to not worry about it, we jumped right in not fully realizing the long road it would be.

Thank goodness we did, because after covid and the fires, it's literally the only thing that's keeping us afloat. My two hotels are nowhere near the normal operations of 2019. We've been a working part of the community paying wage tax and property tax since 2010. In 2020 we started paying TAT, MCTAT, GET, and now extra Property tax.

So, this is my ultimate point, Bed and Breakfast permits are not stand-alone short-term rentals you are taxing to death. These are individuals in the communities paying all sorts of other taxes along with it.

We already don't receive our exemption, which I'm ok with. But if the tax rate was raised to 5.00/1000, I would pay 5,000 dollars more a year than if I did have an exemption. That's what my wife and I make in a month when I'm working....

That being said, my property is a business, and businesses have cost, I propose a tax rate of 3.50/1000. This would at least consider that I am a working member of the community and I pay a large amount of taxes to support that community.

PLEASE, PLEASE, PLEASE, I implore you to readjust your thinking when it comes to taxing Maui residents that work and contribute to the community in many ways.

Thank you so much for your time.

Brian Gabrielson