

IT Committee

From: Yukilei Sugimura
Sent: Thursday, September 1, 2022 9:13 AM
To: IT Committee
Subject: Fw: Testimony Re. Park Maui - Beach Parking

Forwarding on written testimony

From: Bill Watts <billx@unforgettable.com>
Sent: Monday, August 29, 2022 1:55 AM
To: Yukilei Sugimura <Yukilei.Sugimura@mauicounty.us>
Subject: Testimony Re. Park Maui - Beach Parking

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Dear Infrastructure and Transportation Committee,

There should be provision for written testimony, which facilitates public comment from those who are otherwise engaged and for those that wish to convey substance. Plus, unlike oral testimony, written testimony does not get lost in the fog. Please give thorough consideration to my testimony regarding beach parking below:

1. Discrimination against visitors from another state (without a legitimate reason) is illegal under the US Constitution Article IV (privileges and immunities clause) and the 14th Amendment (equal protection clause). One day, alienated visitors could be lead plaintiffs in a class action resulting in regurgitation of all funds collected and introduction of equal fees for residents.
2. You do not have a legitimate reason for discrimination against visitors from another state. The media and certain politicians have spread a false premise that residents, not visitors were already paying via taxes. Example quote from Mayor Victorino: *"Fees for our residents would be always exempt from using our beaches; whereas visitors who are here for just a short time. They don't have pay real property tax, they don't pay a lot of the fees that our residents pay. They would share a little cost in maintaining our environment and our resources. So the burden's going to be on the visitor - not our residents."* I calculate that the average income resident pays \$23/day in taxes. The average low-end visitor pays \$78/day. The calculation is appended below.
3. The main problem that causes complaints of congestion is decades of permitted private development around beaches with insufficient access points and car parks that are small in proportion to beach space. More parking was the best solution. The Park Maui plan will reduce parking spaces because the target parking occupancy rate is 85% to facilitate ease of finding parking (from the Master Plan). If, on average, 15% of parking is unused, the cars that would be occupying that 15% will be driving around and increase overall congestion.

4. The Park Maui Master Plan intends to create the 15% of available (vacant) space by jacking up the parking fee to visitors. It allows for small incremental changes in parking fee. This will not work and result in either congested parking or mostly vacant parking - and be the subject of ridicule. The demand for parking is very variable based on time of day, day of the week, and low season to high season. The parking fee may need to change from \$30 on a Sunday to \$10 on a Monday to meet the 85% target occupancy rate. A market demand rapid price change is necessary, similar to Uber.
5. Consider also that exorbitant Makena State Park Beach charges are driving congestion back to County beaches. Additionally the [Makena State Park Improvement Plan](#), currently under Planning Dept review, will eliminate 107 parking spaces from the North lot, again driving congestion to County beaches at peak demand.
6. The Park Maui plan introduces huge inefficiencies that will gobble up much of the revenue: e.g. equipment, software, data, lawyers, parking contractor company profits, parking attendants, bookkeepers, CPAs, police, courts, more rules, citations, malfunctions, phone calls, payment or registration time, with hassle for all. Free parking for all is cheap, simple and efficient.
7. Most residents accepted that congestion was a price that had to be paid to maintain the economy. Someone coined the phrase "over-tourism" and the media made it a reality - just like the toilet roll shortage. It is irrational to conclude that we have "over-tourism" based on congestion in peak seasons. The intelligent measure of "over-tourism" would be based on State and County budgets and the flow of wealth to/from the State and County. When we can pay teachers a living wage, provide affordable housing and reduce residents taxes we may have "over-tourism."
8. Small islands in the middle of the Pacific can only be sustainable in a few economic sectors. It will always be necessary for residents and government agencies to keep buying services and stuff made off island. That is virtually everything in our homes. The outflow of wealth is tremendous and the visitors are vital to bring that wealth back. One affordable housing sends about \$300,000 offshore for materials and that has to be brought back by treating visitors as 1st class citizens.
9. Hawaii is balancing its books by selling Sunshine and Aloha for which visitors will pay a premium. This is the result of Hawaii marketing the belief in Aloha over decades. In the course of my other activities I have spoken to over 3,000 visitors and they are not feeling aloha. This is due to visitor discrimination by the DLNR and public anti-visitor sentiment propagated by politicians, the media and social media. Park Maui discrimination against visitors will eliminate the Aloha premium for the broader market.
10. Everyone knows charging for beach parking is charging for beach access! The Hawaiian HRS beach access laws and the Hawaiian cultural values are being circumvented. The idea of charging for using a Maui beach is abhorrent.

11. In 20 years the current story will be forgotten, new politicians will be in you place, insufficient beach parking will still be the real problem, the budget will be tight, and there will be a new reason to start charging residents.
12. It is not too late to reverse course.

Aloha!

Bill Watts, P.E.

Kihei Resident

Appendix - Resident Taxation vs Visitor Taxation

Resident

Average salary in Maui is approx \$65,000

Let's use the most heavily taxed resident - a single person with no deductions.

State Income Tax = \$4,340/yr = **\$12/day**.

Take home pay after Federal and State taxes: \$50,735/yr = \$139/day.

Extreme assumption - all take home pay is spent in Maui and subject to 4% GET.

GET = \$2,029/yr = **\$6/day**.

Assume rented condo because property tax is higher than owner occupied.

Property tax is passed on to the rent paid by the renter.

Location Kihei with assessed value \$600,000 and tax rate \$3.00/\$1,000.

Property tax = $600 \times \$3.00 = \$1,800/\text{yr} = \mathbf{\$5/\text{day}}$.

Hawaii Total Tax: \$12 + \$6 + \$5 = \$23/day.

Visitor

Extreme assumption - ignore the many that can afford the Weilea Resorts.

Typical lower-end 1-bed condo in Kihei incl. fees, not tax: \$230/day.

Transient Accommodation Tax (TAT) = State 10.25% + County 3% = 13.25%.

GET rate applied = 4.166%

Total condo tax = 17.146%

Total condo tax = $\$230/\text{day} \times 17.146\% = \mathbf{\$40/\text{day}}$.

Estimate - vacationer splurges 2x amount when home, say \$200/day.

GET tax = $\$200/\text{day} \text{ at } 4.166\% = \mathbf{\$8/\text{day}}$.

Property tax is passed on to the rent paid by the renter.

Location Kihei with assessed value \$600,000 and tax rate \$11.85/\$1,000.

Property tax = $600 \times \$11.85 = \$7,110/\text{yr} = \mathbf{\$19/\text{day}}$.

Low end car rental - typical:

State customer facility charge = \$4.50/day

State rental motor vehicle surcharge = \$5.50/day

GET at 4.166% = \$1.80/day

State total car rental fees and taxes = **\$11/day.**

Hawaii Total Tax: \$40 + \$8 + \$19 + \$11 = \$78/Day.

Note: None of these higher taxes/fees are discriminatory against visitors - but they are not often incurred by residents. Seems that the lawmakers were aware of the US Constitution.

Conclusion

Even a low end visitor is paying 3.4 times more tax than an average resident.

An average visitor will be paying even more.

A high end visitor could easily be paying 6 times more.



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