

## BFED Committee

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**From:** Jonathan Helton <jhelton@grassrootinstitute.org>  
**Sent:** Thursday, June 8, 2023 9:38 AM  
**To:** BFED Committee  
**Subject:** Testimony on Bill 49 (2023)  
**Attachments:** 6-9-2023 GRIH testimony Bill 49.pdf

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Aloha,

Attached is testimony for tomorrow's meeting.

Mahalo,

Jonathan

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

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June 9, 2023

9 a.m.

Maui County Council Chamber

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

**Yuki Lei K. Sugimura, Chair**

**Tasha Kama, Vice Chair**

**From: Grassroot Institute of Hawaii**

**Joe Kent, Executive Vice President**

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

***Comments Only***

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [Bill 49 \(2023\)](#), which would authorize Maui County to levy a 0.5% general excise tax surcharge on top of the state's existing 4% GET and would allow that money to be spent on housing infrastructure, including drainage, sewer and water systems.

The Institute is concerned that this bill would drive up Maui's high cost of living and have a disproportionate impact on those who can least afford it.

First, Maui County and the state of Hawaii in general are unaffordable for the average resident. Hawaii is the most expensive state in the U.S. and has some of the country's highest taxes.<sup>1</sup>

Between April 2020 and July 2022, more than 2,100 Maui County residents responded to the county's high cost of living by voting with their feet to seek lower costs and greater opportunities elsewhere in the United States.<sup>2</sup>

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<sup>1</sup> Merrilee Gasser, "[Hawaii taxpayers shell out more than \\$5,500 in state and local taxes](#)," The Center Square, March 29, 2023.

<sup>2</sup> Zoe Dym, "[Latest census data reveals more residents moving off the islands](#)," Hawaii Public Radio, March 31, 2023.

Maui Mayor Richard Bissen told Honolulu Civil Beat that Bill 49 would allow the county to collect an additional \$80 million in tax revenue.<sup>3</sup> Some of this tax revenue would come from tourists, but much of it still would be paid by everyday Maui residents, which would make the Valley Isle even more unaffordable.

Second, the GET is widely known to be a regressive tax, in that it harms those with lower incomes who spend more of their paychecks on basic necessities such as food, shelter and medical care. House Maui reports that 50.3% of Maui households already pay more than 30% of their incomes simply for housing.<sup>4</sup>

Renters paying \$1,500 a month for their apartments would have to rustle up an extra \$7.50 a month to cover the new GET surcharge, if their landlords passed it along to them. Across the course of a year, that's \$90 extra — just for rent. This is on top of the \$60 a month and \$720 a year in general excise taxes that renters in this scenario already are paying to the state.

This tax bill might be manini for some people, but keep in mind that food, medical care and all other purchases would cost more under Bill 49 too.

Overall, increasing the cost of living is counterintuitive to the idea of creating affordable housing. In addition, there are other ways to provide more housing for Maui residents without increasing taxes.

A good place to start would be smart zoning that could facilitate homebuilding within the urban core and offer residents less expensive housing options.

If you would like more information about how to facilitate more housing at virtually no expense to Maui taxpayers, the Grassroot Institute of Hawaii would be happy to help.

Thank you for the opportunity to testify.

Sincerely,

Joe Kent  
Executive Vice President  
Grassroot Institute of Hawaii

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<sup>3</sup> Brittany Lyte, "[Maui Is Set To Join Other Counties In Raising Taxes To Pay For Roads And Housing](#)," Honolulu Civil Beat, June 2, 2023.

<sup>4</sup> "[Keep local families on Maui](#)," House Maui, accessed June 7, 2023.