

MINUTES

of the

PUBLIC HEARING HELD ON

MAY 13, 2016

THE COUNCIL OF THE COUNTY OF MAUI, STATE OF HAWAII, CONVENED A PUBLIC HEARING ON FRIDAY, MAY 13, 2016, AT 10:00 A.M., IN THE COUNCIL CHAMBER, KALANA O MAUI BUILDING, WAILUKU, HAWAII WITH CHAIR MICHAEL B. WHITE PRESIDING, FOR THE PURPOSE OF RECEIVING TESTIMONY ON THE FOLLOWING:

1. PURSUANT TO SECTION 243-5, HAWAII REVISED STATUTES, AND SECTION 3.20.010, MAUI COUNTY CODE, ADOPTING THE FUEL TAX RATES FOR THE COUNTY OF MAUI, EFFECTIVE JULY 1, 2016; and
2. PURSUANT TO SECTION 249-13, HAWAII REVISED STATUTES, AND SECTION 3.24.030, MAUI COUNTY CODE, REGARDING THE MOTOR VEHICLE WEIGHT TAX RATES FOR FISCAL YEAR 2017.

CHAIR WHITE: This public hearing shall please come to order. Mr. Clerk, actually before you call the roll, Mr. Clerk, the purpose of this public hearing is to receive public testimony on the two items on our agenda today.

First is adopting the Fuel Tax rates for the County of Maui, effective July 1, 2016, pursuant to Section 243-5, Hawaii Revised Statutes, and Section 3.20.010, Maui County Code; and setting the Motor Vehicle Weight Tax rates for Fiscal Year 2017, pursuant to Section 249-13, Hawaii Revised Statutes, and Section 3.24.030, Maui County Code.

Mr. Clerk, will you please call the roll?

ROLL CALL

PRESENT: COUNCILMEMBERS GLADYS C. BAISA, DONALD G. COUCH JR., G. RIKI HOKAMA, VICE-CHAIR DONALD S. GUZMAN, AND CHAIR MICHAEL B. WHITE.

EXCUSED: COUNCILMEMBER ROBERT CARROLL, ELEANORA COCHRAN, STACY CRIVELLO, AND MICHAEL P. VICTORINO.

There were 10 members of the public in attendance.

COUNTY CLERK DENNIS A. MATEO: Mr. Chair, five Members are "present", four Members "excused", a quorum is present to conduct the business of the Council.

NOTICE OF PUBLIC HEARING

CHAIR WHITE: Thank you, Mr. Clerk. Was notice of this hearing published?

COUNTY CLERK: Mr. Chair, Notice of this Public Hearing on the proposed resolution adopting the Fuel Tax rates for the County of Maui, effective July 1, 2016; and the Motor Vehicle Weight Tax rates for Fiscal Year 2017 was published in the May 3, 2016; May 8, 2016; and the May 11, 2016 issues of the Maui News.

CHAIR WHITE: Thank you, Mr. Clerk. And before we proceed, please turn off your cell phones as I, as I just did.

Mr. Clerk.

COUNTY CLERK: Mr. Chair, proceeding with presentation of testimony on the agenda items. We have established limited telephone interactive communication that enables individuals from Hana, Lanai, and Molokai, to provide testimony from our District Offices.

Individuals there who wish to offer testimony should now sign up with the District Office staff. Individuals who wish to offer testimony in the chamber, please sign up at the desk located on the eighth floor lobby just outside the chamber door. Testimony at all locations is limited to the items listed on today's agenda.

And pursuant to the Rules of the Council, each testifier is allowed to testify for up to three minutes with one minute to conclude if requested. And when testifying, please state your name and the name of any organization that you represent.

Hana Office, please identify yourself and introduce your first testifier.

MS. DAWN LONO: Good morning. This is Dawn Lono at the Hana Office and there is no one waiting to testify.

COUNTY CLERK: Thank you.

Lanai Office, please identify yourself and introduce your first testifier.

MS. DENISE FERNANDEZ: Good morning, Chair. This is Denise Fernandez on Lanai and there is no one waiting to testify.

COUNTY CLERK: Thank you.

Mr. Chair, the Molokai District Office is closed today.

And, we have three individuals who have signed up to provide testimony in the Council chamber. The first individual to provide testimony this morning is Mr. Jim LoBianco, testifying on the Fuel Tax, to be followed by Bob King.

PRESENTATION OF WRITTEN OR ORAL TESTIMONY

MR. JIM LOBIANCO:

Good morning, everyone.

CHAIR WHITE: Good morning.

MR. LOBIANCO: My main concern with the gas tax is a whole list of electric vehicles that aren't included in anyway. You know, every day, I drive around Maui and I see all these Tesla's that are 80 to \$100,000, and realize that they are not paying anything other than a weight tax. You know, there should be some way that these vehicles are taxed. You see Leaf's, the electric Leaf's driving all over the place. And, even for myself, I'm contemplating buying a hybrid, which is going to, you know, increase my mileage by 50 percent, so I will be paying less.

I don't mind paying the gasoline tax and I can understand why it needs to be raised. But, for this whole other category of, of vehicles, you know, there should be some way that they have to pay, because right now, other than the Weight Tax, and the Leaf's don't weigh very much at all.

And, another concern is, with all of the construction going on, especially in Kihei where I live, I see these big vehicles, the big trucks that seem to be burning, I guess it's called stationery fuel, the kerosene, and it's pretty obvious. I was a mechanic for 37 years, worked for Delta Airlines. There is quite a bit of difference in the exhaust from a vehicle that's burning the sulfur fuel.

You know, it's pretty obvious on the way here, I saw a vehicle pulling out of Kaiwahine, and there was just a huge black cloud coming out of both exhausts. So, I realize that that fuel is not taxed at all. And, I really feel that there is, you know, whether the police have any enforcement or, you know, how is this, how is this

regulated so that those vehicles, you know, are allowed to burn that material? Either the vehicle is not running properly, or they're burning a sulfur, a high sulfur fuel.

One other thing is, on the Weight Tax. You know, and I, I have fairly modern cars, but there are a lot of people that are driving old Maui cruisers, for instance, that are, have to pay the exact same Weight Tax. Where I lived before on the mainland, and not to say that this has to change here, but as the vehicle got older, the tax went down on the vehicle just because of the cost.

And, that's basically my testimony, and I thank you for listening to me.

CHAIR WHITE: Thank you very much, Mr. LoBianco.

Members, any questions for the testifier?

Ms. Baisa.

COUNCILMEMBER BAISA: Yes, thank you, Chair. And, thank you very much for being here this morning. Help educate me. What is it that's burning this oil, or what is this oil that's burning that making all the black smoke?

MR. LOBIANCO: Well, I'm pretty sure that there's an exemption for the construction companies. You know, whether it's Goodfellow Bros. or anybody else. And, I don't know, you know, who is or who may be doing this. But, there is a fuel that they buy that is okay for D9 Caterpillars, and you know, other heavy equipment that isn't used on the road.

But, you know, those vehicles, people that own those vehicles, you know, it's very easy for them to take the nozzle from their, their oil tanks and pump it into, you know, one of these big rigs. And, I know it happens. You know, it's obvious to me. Although, you know, I haven't tested. You know, I haven't been there. And, I understand that there is a different coloration of the oil that you would buy for your diesel car, and the color of the diesel that is used for, you know, the stationery equipment.

COUNCILMEMBER BAISA: So, this is some of, like a strange grade or, it's not on what we would normally be seeing? It's kind of a renegade fuel.

MR. LOBIANCO: Right. Well, what is, is people that are bypassing the system. You know, that, that, that, and I don't know whether there is anything in the laws or regulations that prohibit it. But, it seems to me there should be because these heavy vehicles are obviously using the roads, and they're bypassing paying whatever this, is it 23 cents, is that what we're paying now, or what we're going to?

COUNCILMEMBER BAISA: Well, depending on what it is. But, I, I get it. And, I see the black smoke just like you. So, I know what you're talking about. Just trying to figure out what it is that we should be taxing.

MR. LOBIANCO: Yea, well, you know, like I said, I know that you're taxing the, the oil, or the diesel that goes into the trucks--

COUNCILMEMBER BAISA: Right.

MR. LOBIANCO: --that purchase it in a gas station.

COUNCILMEMBER BAISA: Correct.

MR. LOBIANCO: Or a fueling station, whether it's HFN, or Maui Petroleum, or whoever. But, you know, I know that there's vehicles that drive around through construction sites to fuel the, the Caterpillars, the excavators, you know, whatever the equipment's called. And, it's just so easy for them to pump it into, you know.

COUNCILMEMBER BAISA: I think we know what you're talking about.

MR. LOBIANCO: Okay.

COUNCILMEMBER BAISA: Thank you very much.

MR. LOBIANCO: Thank you.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And, thank you, Mr. LoBianco for coming and testifying. I believe we do have laws that, that prohibit that. So, that's interesting that you note that, and maybe we can figure out how we can take a look at that.

But, the question I have for you is on electric vehicles. Yes, we've been discussing that, on ways to do that. And since you're anticipating buying either an electric vehicle or a hybrid, would you consider paying at, when you do registration, a per mile charge every year during the registration, knowing that it probably will be around \$200 extra on top of your registration?

MR. LOBIANCO: I, I, you know, I just think it's appropriate. You know, you shouldn't be able to use the streets, the roads for, for zero. And the way it stands now, that's exactly what's happening.

So, yea, whether, you know, and it should probably be sliding. Again, you know, I'm probably going to go with a hybrid right now, because the only SUV, and I'm getting up there in age so I can't sit down low in a sports car anymore, or whatnot, so the SUV is a, you know, a good design for me. And, the only one really that's making an all-electric SUV is, again, it's Tesla, and they're \$110,000.

COUNCILMEMBER COUCH: I know.

MR. LOBIANCO: And, I just can't see me ever owning one.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR WHITE: Any other questions, Members? Seeing none, thank you for coming this morning.

MR. LOBIANCO: Thank you, sir.

CHAIR WHITE: Mr. Clerk.

COUNTY CLERK: Mr. Chair, the next testifier is Mr. Bob King, President, Pacific Biodiesel, to be followed by Mr. Thomas Croly.

MR. BOB KING, PACIFIC BODIESEL:

Thank you and good morning.

CHAIR WHITE: Good morning.

MR. KING: Bob King, President of Pacific Biodiesel. I'd like to speak in, in support of the tax bill. I think it is important to support our roads and our Department of Transportation by giving them funding to keep everything going, which, which helps everybody.

As fuel, as cars gets more efficient, of course, the amount per gallon is, will, will continue to go up. And, hopefully people that are being efficient are going to see their net bill be the same. Or actually less, because they're saving on the fuel portion as well.

As far as the biodiesel portion of, of this bill, I, I, it, it, you know, I appreciate the break for biodiesel. It's weak compared to other places. And, we have seen fleets that, with last year with the nine cent increase for biodiesel, we lost a couple of fleets that just couldn't make the number go anymore. So, it, it's a, two and a half cents more this year.

I would strongly recommend that we stay at nine or preferably go back to zero, like Kauai and Big Island. And, we're seeing good support on the Big Island where they've done this. It can't be forever. We know that. It's got to be while we're building up this, the industry, getting people use to biodiesel. And then, when there's a significant amount of biodiesel being used, then it's, it is appropriate to raise that rate to cover the roads. Right now, it's so miniscule. You know, it's a few thousand dollars difference per penny for biodiesel, where it's several hundred thousand dollars per penny for gas and diesel.

So, I would, it's more of messaging right now, than it is the actual economics for the County. But, for the fleets it's, it's a, it's definitely economics they're looking at. And, and the, our small users, the individual owners, they, they're still with us on biodiesel. They do it because they want to do it. The fleets are, are very much more cost, cost sensitive. And so, a penny or two, for them, difference is going to make a difference. Thank you.

CHAIR WHITE: Thank you, Mr. King.

Members, any questions for the testifier?

Mr. Hokama.

COUNCILMEMBER HOKAMA: Just, just one for Mr. King. We appreciate you sharing your testimony this morning, Bob. It helps us be better informed. So, when you mention about your potential loss of some fleet contracts or businesses, is the message that we're receiving is they rather pay the 23 cents for fossil fuel, than 11 cents for biodiesel?

MR. KING: Well, actually what, what they're saying is that fossil diesel right now is, is very cheap; not on, not on the retail market, but on the wholesale market. So, it's, it's really, you know, it's quite a bit less than what you're seeing on the street. And, biodiesel is more expensive. So, that difference, that 10 cent difference is enough, it's, we're trying to make that enough to cover the spread between biodiesel and diesel fuel right now.

A couple of years ago, it wasn't a problem. We were, we were competitive already with diesel fuel. But as you know, the prices are just, are just really low right now. So, this year, last year, was a tough year, because of the spread on the difference in price. Is that, does that explain?

So, again, if, if the, and you get to do this every year, so if for some reason petroleum goes up to 80, \$90 a barrel again, we, we won't be as, it won't be as necessary to, to do this for the fleets. They'll be, they'll be staying with biodiesel anyway.

COUNCILMEMBER HOKAMA: Okay. Thank you very much, Mr. King.

MR. KING: Thank you.

CHAIR WHITE: Any other questions, Members?

What, what is the spread at this point between wholesale biodiesel and regular diesel?

MR. KING: It's--

CHAIR WHITE: Or, or what is the price for each?

MR. KING: There's different rates for, you know, on different levels. But I, but I'm, it's about a, it's about a dollar a gallon difference right now, spread between, for our largest customers between biodiesel and diesel fuel.

CHAIR WHITE: Yea, that's a pretty big spread. And, what is the rate on Oahu?

MR. KING: Oahu's tax rate? Yea, so, Oahu is, I think it's, it's 8 cents for, 8.3 cents for City and County, for their County portion of the tax.

CHAIR WHITE: Okay. Thank you.

Any other questions, Members? Seeing none, thanks for being here this morning.

MR. KING: Thank you very much.

CHAIR WHITE: Mr. Clerk.

COUNTY CLERK: Mr. Chair, the last individual who have signed up to provide testimony in the chamber this morning is Thomas Croly.

MR. THOMAS CROLY:

Aloha, Council. Thomas Croly, testifying on my own behalf. I told you guys before that I support this five cent increase in the, in the Fuel Tax.

I'm surprised that nobody else seems to care. It's a 28 percent increase. That's a pretty significant increase, you would think that people might be all up in arms. But, why aren't they? Cause, gas is cheap today, you know. Nobody is upset about it. If

gas was \$5.00 a gallon, you would have a line of people out the door saying, don't raise this by five cents. But, it makes sense to raise this right now.

I like the idea that it goes directly towards repaving our roads and taking care of our roads. I, I like the way it works. You drive more, you pay more tax. You drive less, you pay less tax.

I've done the calculations for myself and the increase that we're talking about for me is \$20 a year. So, I'm not going to fight about a \$20 a year increase. The total tax that, that I would pay myself based on the number of miles I drive is \$92 a year. I, I'm fine with paying \$92 a year to, to be on the roads.

But, I do want to make sure that the money is used properly. And, and I know that you guys in budget, you do a good job of, of, of making, you know, sure that, that we're getting our money's worth. But, Mr. Goode, I hope that he comes back and he shows you the miles that were paved and, and that we have happy people about the, the roads in front of their houses being smooth. So, again, I, I think that it's the right thing to do to raise the tax as has been proposed today.

The idea about the electric cars paying some, some alternate tax, we do have to recognize that people drive variable amounts. I know one guy with an electric car who drives 20,000 miles a year. I know another guy who's had an electric car for three years and he's put 2,000 miles on it. So, just hitting them with, you know, one fee is hard to say.

I have a hybrid vehicle that gets 38 miles to the gallon. I had the non-hybrid version of the same vehicle that got 35 miles to the gallon. So this is, the, the Honda Fit and the Honda CRZ. The difference between the two fuel mileage wasn't that much because it was what they call a light hybrid. So, not all hybrids are created equal. Not all electric cars are created equal. Mr. Couch has a, has a hybridized electric car.

So, it is hard to figure out what the right thing is. But, I am in total agreement that we should come up with some type of tax that is assessed when they register the electric vehicles that, that brings them into this. They might not pay the same amount, but they need to be, be brought into the table at, at, on this issue. Thank you.

CHAIR WHITE: Thank you, Mr. Croly.

Members, any questions for the testifier? Seeing none, thanks for being here this morning.

Mr. Clerk.

COUNTY CLERK: Mr. Chair, there is no further individuals signed up to provide testimony in the Council chamber. If there is any individuals in the Council chamber or in the District Offices who would like to offer testimony, please identify yourself to the appropriate staff and proceed to the testimony lectern or District Office phone at this time.

Hana Office, are there any additional testifiers?

MS. LONO: The Hana Office has no one waiting to testify.

COUNTY CLERK: Thank you.

Lanai Office, are there any additional testifiers?

MS. FERNANDEZ: There is no one waiting to testify on Lanai.

COUNTY CLERK: Thank you.

Mr. Chair, there's no other individuals in the District Offices nor in the chamber who wish to offer testimony.

CHAIR WHITE: Thank you, Mr. Clerk. Have we received any written testimony?

COUNTY CLERK: Mr. Chair, we have received testimony.

CHAIR WHITE: Okay, Members, without objection, we'll, we'll receive the written testimony into the record.

MEMBERS VOICED NO OBJECTION.

(No written testimony was received.)

CHAIR WHITE: So ordered.

With no objections, Members, we'll close public testimony.

MEMBERS VOICED NO OBJECTION.

CHAIR WHITE: Thank you. So ordered.

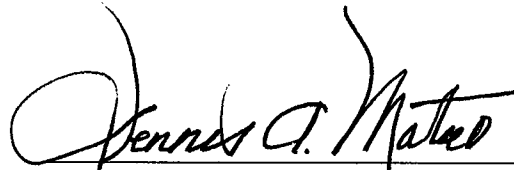
Mr. Clerk.

COUNTY CLERK: Mr. Chair, there is no further business before the Council.

CHAIR WHITE: Thank you very much. This meeting, this public hearing will be adjourned. And, Members, we'll be back here at 11:00 for the Real Property Tax Hearing. We are adjourned.

ADJOURNMENT

The public hearing of May 13, 2016, was adjourned by the Chair at 10:21 a.m.

A handwritten signature in black ink, reading "Dennis A. Mateo". The signature is written in a cursive style with a large initial "D".

DENNIS A. MATEO, COUNTY CLERK
COUNTY OF MAUI, STATE OF HAWAII