

## PIA Committee

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**From:** David Kahn <dmkahn@gmail.com>  
**Sent:** Monday, September 05, 2016 12:14 AM  
**To:** PIA Committee  
**Cc:** Elle Cochran  
**Subject:** testimony of the Real Estate Transfer Tax

I am opposed to the real estate transfer tax as proposed.

I have the following questions and comments which I believe should be discussed and answers disseminated to the public prior to a vote. i am willing to change my position on the tax if it's restructured based on my suggestions, below ...

First, the \$700,000 cutoff should be structured as an exemption, rather than a solid line where those sales below that amount pay nothing and those above that amount pay the full tax on the entire sale. That penalizes regular people that live in working class neighborhoods, and not "high end housing" as being promoted by some councilmembers.

A fairer way would be to structure the tax as an exemption amount, whereby each sale is given an exemption amount of \$700,000, and anything over the exemption amount is subject to a 1% transfer tax only on the amount over and above the exemption amount.

I base this on the price/value of my own home in Makawao Ranch Acres which is by no means a high end home, but it could easily be priced at or above the line. I'm sure I'm not the only one in this situation. Why make the line at \$700,000? Why not a higher or lower amount?

Why not \$1,000,000? It doesn't take a lot of house to make it to a \$700,000 valuation on Maui.

Second, what assurance do we have that the funds won't be used for purposes other than housing? For example, let's say the county council decides that next year, they have a budget shortfall and they decide to use the money for the general fund? If there's no legal guarantee that the money can only be used for the housing fund, then it's just another way to tax us, and I would be strongly opposed to this transfer tax.

Third, is the proposed cutoff amount automatically indexed by some appropriate index (inflation or local housing prices) or do we simply allow more sales over time to creep over the line as housing prices increase naturally over time.

The amount must be indexed by some reasonable index automatically.

Fourth, what types of properties are subject to the transfer tax and which ones are exempt?

Thank you,  
David Kahn  
Makawao, HI