

COUNCIL OF THE COUNTY OF MAUI

POLICY, ECONOMIC DEVELOPMENT, AND AGRICULTURE COMMITTEE

October 20, 2017

**Committee
Report No. _____**

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Policy, Economic Development, and Agriculture Committee, having met on September 18, 2017, and October 2, 2017, makes reference to County Communication 17-9, from Council Chair Mike White, relating to the Maui County Legislative Package.

Your Committee notes each year the Council may compile a package of proposals and priorities to be presented to the State Legislature.

Your Committee has received four proposals for inclusion in the 2018 Maui County Legislative Package, including State bills to: 1) allow for more stringent enforcement of the Basic Bill of Rights for Victims and Witnesses by holding implementing parties accountable; 2) prohibit the sale of skin care products containing Oxybenzone and Octinoxate; 3) increase revenue in each county's affordable housing fund through an additional one percent conveyance tax on the sale of condominium or single-family residential properties with a value of more than \$2 million; and 4) raise the State minimum wage to \$15.00 per hour through a 5-step graduated scale for employers with 25 employees or less, and a 3-step graduated scale for employers with 26 employees or more, with the first steps beginning January 1, 2019.

Basic Bill of Rights for Victims and Witnesses Proposal

By correspondence dated September 8, 2017, Councilmember Elle Cochran transmitted a proposed resolution entitled "APPROVING FOR INCLUSION IN THE 2018 MAUI COUNTY LEGISLATIVE PACKAGE A STATE BILL RELATING TO ENFORCEMENT OF THE BASIC BILL OF RIGHTS FOR VICTIMS AND WITNESSES." The purpose of the proposed

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resolution is to approve for inclusion in the 2018 Maui County Legislative Package a proposed State bill, entitled "A BILL FOR AN ACT RELATING TO VICTIM RIGHTS." The purpose of the proposed bill is to allow for more stringent enforcement of the Basic Bill of Rights for Victims and Witnesses by holding implementing parties accountable.

Your Committee noted the legislative intent of Section 801D-1, Hawaii Revised Statutes ("HRS"), is to "ensure that all victims and witnesses of crimes are treated with dignity, respect, courtesy, and sensitivity." The law is further intended to ensure the rights extended to victims and witnesses of crime are honored and protected by law enforcement agencies, prosecutors, and judges.

Your Committee notes Section 801D-6, HRS, requires the county prosecutor to cooperate with police, local social service agencies, the courts, and all other agencies involved in the criminal justice system to ensure victims and witnesses of crime receive the rights and services to which they are entitled.

Your Committee deferred the proposal pending further discussion and comments from the Department of the Prosecuting Attorney.

Oxybenzone and Octinoxate Proposal

By correspondence dated September 8, 2017, Councilmember Elle Cochran transmitted a proposed resolution to approve for inclusion in the 2018 Maui County Legislative Package a proposed State bill to prohibit the sale of skin care products containing Oxybenzone and Octinoxate.

By correspondence dated September 25, 2017, Councilmember Elle Cochran transmitted a revised proposed resolution entitled "APPROVING FOR INCLUSION IN THE 2018 MAUI COUNTY LEGISLATIVE PACKAGE A STATE BILL PROHIBITING THE SALE OF SKIN CARE PRODUCTS CONTAINING OXYBENZONE AND OCTINOXATE." The purpose of the revised proposed resolution is to approve for inclusion in

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the 2018 Maui County Legislative Package a proposed State bill, attached to the revised proposed resolution as Exhibit "A," entitled "A BILL FOR AN ACT RELATING TO OXYBENZONE AND OCTINOXATE." The purpose of the proposed State bill is to prohibit the sale or distribution of skin care products containing Oxybenzone and Octinoxate.

Your Committee noted skin care products containing Oxybenzone and Octinoxate have been shown to have significant impacts on the environment, particularly the marine environment, including an increase in coral mortality, coral bleaching, and reproductive diseases in fish and mammals.

Your Committee further noted the proposed prohibition would be incorporated into the Hawaii Food, Drug, and Cosmetic Act, Chapter 328, HRS.

Your Committee discussed expanding the scope of the revised proposed resolution and proposed State bill to include prohibiting the use of skin care products containing either chemical ingredient. Prohibiting use of these products would be referenced under a separate chapter of the HRS, Chapter 187A, relating to aquatic resources.

Your Committee generated a further revised proposed resolution, entitled "APPROVING FOR INCLUSION IN THE 2018 MAUI COUNTY LEGISLATIVE PACKAGE A STATE BILL PROHIBITING THE USE, SALE, OR DISTRIBUTION FOR SALE OF SKIN CARE PRODUCTS CONTAINING OXYBENZONE AND OCTINOXATE," adding the prohibition against use of these skin care products.

Your Committee voted 6-0 to recommend adoption of the further revised proposed resolution. Committee Chair Sugimura, Vice-Chair Crivello, and members Carroll, Cochran, Hokama, and White voted "aye." Committee members Atay, Guzman, and King were excused.

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Your Committee is in receipt of a revised proposed resolution, incorporating your Committee's recommended revisions and nonsubstantive revisions to reorder Sections 2 and 3 of the proposed State bill.

Conveyance Tax Proposal

By correspondence dated September 8, 2017, Councilmember Elle Cochran transmitted a proposed resolution entitled "APPROVING FOR INCLUSION IN THE 2018 MAUI COUNTY LEGISLATIVE PACKAGE A STATE BILL TO INCREASE REVENUE FOR EACH COUNTY'S AFFORDABLE HOUSING FUND THROUGH AN ADDITIONAL ONE PERCENT CONVEYANCE TAX ON PROPERTIES VALUED AT MORE THAN \$2 MILLION." The purpose of the proposed resolution is to approve for inclusion in the 2018 Maui County Legislative Package a proposed State bill, entitled "A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX." The purpose of the proposed bill is to increase revenue for each county's affordable housing fund through a one-percent conveyance tax on the sale of condominiums or single-family residences with a value of more than \$2 million.

Your Committee noted the proposal seeks a one-percent conveyance tax on high-end luxury properties as an alternative to increasing property tax rates to fund each county's affordable housing fund. The conveyance tax would be repealed in five years, or June 2023.

Your Committee noted 50 percent of the conveyance tax collected by the State is deposited into an affordable housing fund maintained by the State. The revenue generated from the one-percent conveyance tax would be deposited into the respective county's affordable housing fund where the property was sold, allowing for county control of funds.

Your Committee voted 8-0 to recommend adoption of the proposed resolution. Committee Chair Sugimura, Vice-Chair Crivello, and members

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Atay, Carroll, Cochran, Guzman, Hokama, and White voted "aye." Committee member King was excused.

Minimum Wage Proposal

By correspondence dated September 8, 2017, Councilmember Elle Cochran transmitted a proposed resolution entitled "APPROVING FOR INCLUSION IN THE 2018 MAUI COUNTY LEGISLATIVE PACKAGE A STATE BILL TO INCREASE THE STATE MINIMUM WAGE TO \$15.00 PER HOUR FOR EMPLOYERS WITH 26 EMPLOYEES OR MORE BEGINNING JANUARY 1, 2021 AND FOR EMPLOYERS WITH 25 EMPLOYEES OR LESS BEGINNING JANUARY 1, 2023." The purpose of the proposed resolution is to approve for inclusion in the 2018 Maui County Legislative Package a proposed State bill, entitled "A BILL FOR AN ACT RELATING TO THE MINIMUM WAGE." The purpose of the proposed bill is to raise the State minimum wage to \$15.00 per hour through a 5-step graduated scale for employers with 25 employees or less, and a 3-step graduated scale for employers with 26 employees or more, with the first steps beginning on January 1, 2019.

Your Committee expressed concern that the proposed bill did not adequately address tipped employees' wages, tip credits, and the cost impacts for employers who provide healthcare coverage for their employees.

A motion to recommend adoption of the proposed resolution failed, with your Committee voting 2-4. Committee members Cochran and Hokama voted "aye." Committee Chair Sugimura, Vice-Chair Crivello, and members Carroll and White voted "no." Committee members Atay, Guzman, and King were excused.

Your Policy, Economic Development, and Agriculture Committee RECOMMENDS the following:

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AND AGRICULTURE COMMITTEE

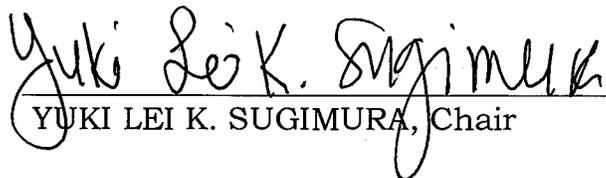
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1. That Resolution _____, attached hereto, entitled "APPROVING FOR INCLUSION IN THE 2018 MAUI COUNTY LEGISLATIVE PACKAGE A STATE BILL PROHIBITING THE USE, SALE, OR DISTRIBUTION FOR SALE OF SKIN CARE PRODUCTS CONTAINING OXYBENZONE AND OCTINOXATE," be ADOPTED; and

2. That Resolution _____, attached hereto, entitled "APPROVING FOR INCLUSION IN THE 2018 MAUI COUNTY LEGISLATIVE PACKAGE A STATE BILL TO INCREASE REVENUE FOR EACH COUNTY'S AFFORDABLE HOUSING FUND THROUGH AN ADDITIONAL ONE PERCENT CONVEYANCE TAX ON PROPERTIES VALUED AT MORE THAN \$2 MILLION," be ADOPTED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



YUKI LEI K. SUGIMURA, Chair

Resolution

No. _____

APPROVING FOR INCLUSION IN THE 2018 MAUI
COUNTY LEGISLATIVE PACKAGE A STATE BILL
PROHIBITING THE USE, SALE, OR
DISTRIBUTION FOR SALE OF SKIN CARE
PRODUCTS CONTAINING OXYBENZONE AND
OCTINOXATE

WHEREAS, Oxybenzone and Octinoxate have significant impacts on the environment and especially to the marine environment, including, causing mortality in coral planula and gametes; increasing the susceptibility of coral to undergo coral bleaching at temperatures lower than 87.8 degrees Fahrenheit; and causing potential damage to coral and other marine organisms' genomic integrity; and

WHEREAS, Oxybenzone and Octinoxate act as pseudo-persistent pollutants in Hawaii coastal waters, meaning their environmental contamination levels are constantly refreshed and renewed daily by swimmers and beachgoers; and

WHEREAS, swimming and other water activities will pollute Hawaii waters with these chemicals continuously unless actively mitigated; and

WHEREAS, to preserve the health, safety, welfare, and scenic underwater and natural beauty of Hawaii, the use, sale, or distribution for sale of personal care products containing Oxybenzone and Octinoxate, must be regulated; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That the proposed State bill, attached as Exhibit "A," to prohibit the use, sale, or distribution for sale of skin care products containing Oxybenzone and Octinoxate, is approved for inclusion in the 2018 Maui County Legislative Package; and
2. That certified copies of this resolution be transmitted to the Mayor, County of Maui; the Governor, State of Hawaii; the Senate President, State of Hawaii; and the Speaker of the House of Representatives, State of Hawaii.

___ .B. NO. ___

A BILL FOR AN ACT

RELATING TO OXYBENZONE AND OCTINOXATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Oxybenzone and octinoxate have significant
2 impacts on the environment and especially to the marine
3 environment, including, but not limited to: causing mortality in
4 coral planula and gametes; increasing the susceptibility of
5 coral to undergo coral bleaching at temperatures lower than 87.8
6 degrees Fahrenheit; and causing potential damage to coral and
7 other marine organisms' genomic integrity. These compounds have
8 also been shown to degrade coral physiology and coral reef
9 community integrity so as to reduce acclimation and resiliency
10 to climate change factors, and to degrade coral reefs by
11 inhibiting recruitment. Increased probability of endocrine
12 disruption, either causing demographic feminization in fish or
13 other types of reproductive diseases, has been observed in
14 marine invertebrate species (e.g. sea urchins), and vertebrate
15 species (e.g. fish such as wrasses, eels, and parrotfish), and
16 in marine mammals (in species similar to the Hawaiian Monk
17 Seal).

EXHIBIT "A"

1 Oxybenzone and octinoxate act as pseudo-persistent
2 pollutants in Hawaii coastal waters, meaning their environmental
3 contamination levels are constantly refreshed and renewed daily
4 by swimmers and beachgoers. Swimming and other water activities
5 will pollute Hawaii waters with these chemicals unless actively
6 mitigated.

7 The purpose of this Act is to promote ocean health by
8 prohibiting the sale, offer for sale, or distribution for sale
9 of sunscreen or personal care products containing oxybenzone and
10 octinoxate.

11 SECTION 2. Chapter 187A, Hawaii Revised Statutes, is
12 amended by adding a new section to part I to be appropriately
13 designated and to read as follows:

14 "§187A- Oxybenzone and octinoxate; sunscreen and
15 personal care product restrictions. No person shall use or
16 apply sunscreen, sunblock, or personal care products containing
17 oxybenzone or octinoxate in the State of Hawaii, unless the
18 sunscreen, sunblock, or personal care product is a prescription
19 drug as defined in section 328-112."

20 SECTION 3. Chapter 328, Hawaii Revised Statutes, is amended
21 by adding a new section to part I to be appropriately designated
22 and to read as follows:

1 "§328- Sale of sunscreen and personal care products
2 containing oxybenzone or octinoxate; prohibited. (a) It shall
3 be unlawful to sell, offer for sale, or distribute for sale
4 sunscreen or personal care products that contain oxybenzone or
5 octinoxate, unless the product is a prescription drug as defined
6 in section 328-112.

7 (b) For purposes of this section, "oxybenzone" means the
8 chemical (2-Hydroxy-4-methoxyphenyl)-phenylmethanone under the
9 International Union of Pure and Applied Chemistry chemical
10 nomenclature registry, has a chemical abstract service registry
11 number 131-57-7, and whose synonyms include benzophenone-3,
12 Escalol 567, Eusolex 4360, KAHSCREEN BZ-3, 4-methoxy-2-
13 hydroxybenzophenone and Milestab 9, and is intended to be used
14 as protection against ultraviolet light radiation with a
15 spectrum wavelength from 370 nanometers to 220 nanometers in an
16 epidermal sunscreen-protection personal-care product.

17 (c) For purposes of this section, "octinoxate" means the
18 chemical ((RS)-2-Ethylhexyl (2E)-3-(4-methoxyphenyl)prop-2-
19 enoate under the International Union of Pure and Applied
20 Chemistry chemical nomenclature registry, has a chemical
21 abstract service registry number 5466-77-3, and whose synonyms
22 include ethylhexylmethoxycinnamate, octyl methoxycinnamate,

____.B. NO. _____

1 Eusolex 2292, and Uvinul MC80, and is intended to be used as
2 protection against ultraviolet light radiation with a spectrum
3 wavelength from 370 nanometers to 220 nanometers in an epidermal
4 sunscreen-protection personal-care product."

5 SECTION 4. New statutory material is underscored.

6 SECTION 5. This Act shall take effect on July 1, 2019.

7

8

INTRODUCED BY: _____

Resolution

No. _____

APPROVING FOR INCLUSION IN THE 2018
MAUI COUNTY LEGISLATIVE PACKAGE A
STATE BILL TO INCREASE REVENUE FOR
EACH COUNTY'S AFFORDABLE HOUSING
FUND THROUGH AN ADDITIONAL ONE
PERCENT CONVEYANCE TAX ON PROPERTIES
VALUED AT MORE THAN \$2 MILLION

WHEREAS, the lack of affordable housing in every county in the State is a crisis; and

WHEREAS, each county's affordable housing situation is unique, and solutions and funding are best managed locally; and

WHEREAS, a statewide mechanism to allow each county to increase revenue for its Affordable Housing Fund is needed; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That the proposed State bill, attached as Exhibit "A," to increase revenue for the counties' affordable housing funds through an additional one percent conveyance tax on the sale of residential properties valued at over \$2,000,000, is approved for inclusion in the 2018 Maui County Legislative Package; and
2. That certified copies of this resolution be transmitted to the Mayor, County of Maui; the Governor, State of Hawaii; the Senate President, State of Hawaii; and the Speaker of the House of Representatives, State of Hawaii.

A BILL FOR AN ACT

RELATING TO THE CONVEYANCE TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 247-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§247-2 Basis and rate of tax.** The tax imposed by section
4 247-1 shall be based on the actual and full consideration
5 (whether cash or otherwise, including any promise, act,
6 forbearance, property interest, value, gain, advantage, benefit,
7 or profit), paid or to be paid for all transfers or conveyance
8 of realty or any interest therein, that shall include any liens
9 or encumbrances thereon at the time of sale, lease, sublease,
10 assignment, transfer, or conveyance, and shall be at the
11 following rates:

12 (1) Except as provided in paragraph (2):

13 (A) Ten cents per \$100 for properties with a value of
14 less than \$600,000;

15 (B) Twenty cents per \$100 for properties with a value
16 of at least \$600,000, but less than \$1,000,000;

____.B. NO. _____

- 1 (C) Thirty cents per \$100 for properties with a value
- 2 of at least \$1,000,000, but less than \$2,000,000;
- 3 (D) Fifty cents per \$100 for properties with a value
- 4 of at least \$2,000,000, but less than \$4,000,000;
- 5 (E) Seventy cents per \$100 for properties with a
- 6 value of at least \$4,000,000, but less than
- 7 \$6,000,000;
- 8 (F) Ninety cents per \$100 for properties with a value
- 9 of at least \$6,000,000, but less than
- 10 \$10,000,000; and
- 11 (G) One dollar per \$100 for properties with a value
- 12 of \$10,000,000 or greater; and
- 13 (2) For the sale of a condominium or single family
- 14 residence for which the purchaser is ineligible for a
- 15 county homeowner's exemption on property tax:
- 16 (A) Fifteen cents per \$100 for properties with a
- 17 value of less than \$600,000;
- 18 (B) Twenty-five cents per \$100 for properties with a
- 19 value of at least \$600,000, but less than
- 20 \$1,000,000;
- 21 (C) Forty cents per \$100 for properties with a value
- 22 of at least \$1,000,000, but less than \$2,000,000;

____.B. NO. _____

1 (D) Sixty cents per \$100 for properties with a value
2 of at least \$2,000,000, but less than \$4,000,000;

3 (E) Eighty-five cents per \$100 for properties with a
4 value of at least \$4,000,000, but less than
5 \$6,000,000;

6 (F) One dollar and ten cents per \$100 for properties
7 with a value of at least \$6,000,000, but less
8 than \$10,000,000; and

9 (G) One dollar and twenty-five cents per \$100 for
10 properties with a value of \$10,000,000 or
11 greater[7]; and

12 (3) In addition to the rate established by paragraphs (1)
13 or (2), for the sale of a condominium or single family
14 residence: One dollar per \$100 for properties with a
15 value of more than \$2,000,000,

16 of such actual and full consideration; provided that in the case
17 of a lease or sublease, this chapter shall apply only to a lease
18 or sublease whose full unexpired term is for a period of five
19 years or more, and in those cases, including (where appropriate)
20 those cases where the lease has been extended or amended, the
21 tax in this chapter shall be based on the cash value of the
22 lease rentals discounted to present day value and capitalized at

1 the rate of six per cent, plus the actual and full consideration
2 paid or to be paid for any and all improvements, if any, that
3 shall include on-site as well as off-site improvements,
4 applicable to the leased premises; and provided further that the
5 tax imposed for each transaction shall be not less than \$1."

6 SECTION 2. Section 247-7, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "§247-7 **Disposition of taxes.** All taxes collected under
9 this chapter shall be paid into the state treasury to the credit
10 of the general fund of the State, to be used and expended for
11 the purposes for which the general fund was created and exists
12 by law; provided that of the taxes collected each fiscal year:

13 (1) Ten per cent of the revenue from application of the
14 rates established in paragraph (1) and (2) of section
15 247-2, or \$6,800,000, whichever is less, shall be paid
16 into the land conservation fund established pursuant
17 to section 173A-5; [and]

18 (2) Fifty per cent of the revenue from application of the
19 rates established in paragraph (1) and (2) of section
20 247-2, or \$38,000,000, whichever is less, shall be
21 paid into the rental housing revolving fund
22 established by section 201H-202[-]; and

1 (3) One hundred percent of the revenue generated in each
2 county from application of the rate established in
3 paragraph (3) of section 247-2 shall be paid into the
4 respective county's affordable housing fund and shall
5 only be used to increase the supply of affordable
6 housing by the following means:

7 (A) the purchase of existing housing units and other
8 interests in real property;

9 (B) the planning, design, or construction of housing
10 units;

11 (C) making grants or loans to nonprofit
12 organizations, including community land trusts;

13 or

14 (D) investment in public infrastructure."

15 SECTION 3. Statutory material to be deleted is bracketed
16 and in strikethrough. New statutory material is underscored.

17 SECTION 4. This Act shall take effect upon its approval;
18 provided that this Act shall be repealed on June 30, 2023.

INTRODUCED BY: _____