

# **BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE**

**Council of the County of Maui**

## **MINUTES**

**October 31, 2023**

**Online Only via BlueJeans**

**CONVENE:** 9:05 a.m.

**PRESENT:** Councilmember Yuki Lei K. Sugimura, Chair  
Councilmember Tom Cook, Member  
Councilmember Gabe Johnson, Member  
Councilmember Alice L. Lee, Member  
Councilmember Tamara Paltin, Member  
Councilmember Keani N.W. Rawlins-Fernandez, Member  
Councilmember Shane M. Sinenci, Member  
Councilmember Nohelani U'u-Hodgins, Member

**EXCUSED:** Councilmember Tasha Kama, Vice-Chair

**STAFF:** James Krueger, Senior Committee Analyst  
Kasie Apo Takayama, Senior Committee Analyst (back up)  
Richard Mitchell, Legislative Attorney  
Yvette Bouthillier, Senior Committee Secretary  
Lenora Dinneen, Council Services Assistant Clerk

### **Additional staff**

Executive Assistant for Councilmember Tom Cook:  
Jared Agtunong

Executive Assistants for Councilmember Gabe Johnson:  
Kate Griffiths  
Axel Beers

Executive Assistants for Councilmember Tasha Kama:  
Davideane Kama-Sickels  
Evan Dust

Executive Assistant for Councilmember Alice L. Lee:  
Michele McLean

Executive Assistant for Councilmember Tamara Paltin:  
Angela Lucero

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Executive Assistants for Councilmember Keani N.W. Rawlins-Fernandez:

Sarah Sexton  
Haunani Madela

Executive Assistant for Councilmember Shane M. Sinenci:

Gina Young

Executive Assistants for Councilmember Yuki Lei K. Sugimura:

Michele Yoshimura  
Jordan Helle

Executive Assistant for Councilmember Nohelani U'u-Hodgins:

Susan Clements

Residency Area Office (RAO):

Mavis Oliveira-Medeiros, Council Aide, East Maui Residency Area Office  
Roxanne Morita, Council Aide, Lanai Residency Area Office  
Zhantell Lindo, Council Aide, Moloka'i Residency Area Office  
Bill Snipes, Council Aide, South Maui Residency Area Office

**ADMIN.:**

Maria Zielinski, Budget Director, Office of the Mayor (BFED-39, -40, - 44)  
Lesley Milner, Budget Specialist, Office of the Mayor (BFED-39, -40, - 44)  
Walt Pacheco, Communications Coordinator, Department of Police  
(BFED-44)  
Josiah Nishita, Deputy Managing Director, Department of Management  
(BFED-44)  
Kathleen Aoki, Director, Department of Planning (BFED-39)  
Luana Mahi, Director, Office of Economic Development, Office of the  
Mayor (BFED-40)  
Scott Teruya, Director, Department of Finance (BFED-35)  
Marcy Martin, Real Property Tax Assistant, Department of Finance  
(BFED-35)  
Kristina Toshikiyo, Deputy Corporation Counsel, Department of the  
Corporation Counsel

**OTHERS:**

Jackie Keefe (BFED-35)  
Rann Watumull (BFED-35)  
Peter Horovitz (BFED-35)  
Marilyn Bautista (BFED-35)  
Michael Williams (BFED-35)  
Jonathan Helton (BFED-35)  
Tom Croly (BFED-35)  
Jacee Law (BFED-44, -35)  
Others (31)

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*Other Resource Personnel:*  
Michael Williams

**PRESS:**     *Akakū Maui Community Television, Inc.*

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CHAIR SUGIMURA: . . .*(gavel)*. . . Good morning, everybody. Today is October 31st. Happy Halloween. And it is now 9:05 a.m. My name is Councilmember Yuki Lei Sugimura, I'm the Chair of this Committee. And I would like to welcome you today. And this meeting is being conducted in accordance with the Sunshine Law. And as a reminder, when your name is called when we do roll call, if you're not in the Council Chamber, please identify by name who, if anyone, is in the room, vehicle, or workspace with you today. And minors do not need to be recognized. So, let's start off with Chair Lee. Good morning, Chair Lee.

COUNCILMEMBER LEE: Liho. Liho. Good morning from Taiwan. Happy Halloween, everyone. I'm sorry I'm not in costume. I tried really hard to make myself look like a minion, but I didn't look scary. I didn't look scary at all. I just look weird.

CHAIR SUGIMURA: . . .*(laughing)*. . . minion.

COUNCILMEMBER LEE: And no one's here in my workspace. Thank you.

CHAIR SUGIMURA: Yeah. Liho to you. Vice-Chair Kama is excused from this meeting. And now, we have in the Chambers, Member Cook. Liho, Member Cook.

COUNCILMEMBER COOK: Liho, Chair, and aloha and good morning.

CHAIR SUGIMURA: Aloha. Next, we have Member Nohe U'u -Hodgins. Liho.

COUNCILMEMBER U'U-HODGINS: Good morning, Chair.

CHAIR SUGIMURA: Good morning.

COUNCILMEMBER U'U-HODGINS: Liho, everyone. Happy Halloween.

CHAIR SUGIMURA: Happy Halloween. And no one else is here in the Chambers with us. Next, we have Gabe Johnson. Gabe Johnson. Councilmember Johnson.

COUNCILMEMBER JOHNSON: Good morning, Chair, Councilmembers, Committee Members. Liho to all of you. Happy Halloween.

CHAIR SUGIMURA: Happy Halloween.

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COUNCILMEMBER JOHNSON: It's one of my favorite holidays. We just get to eat chocolate and candy. I love it.

CHAIR SUGIMURA: . . .*(laughing)*. . .

COUNCILMEMBER JOHNSON: There's no...there's no testifiers in the Lānaʻi District office, and I'm here and ready to work. Thank you.

CHAIR SUGIMURA: Great. Liho to you, and Happy Halloween all the way in Lānaʻi. Member Paltin.

COUNCILMEMBER PALTIN: Aloha kakahiaka kākou. Streaming live and direct from Nāpili Noho command center. I have with me Kasey *(phonetic)* from All Hands and Hearts working on a side project. And there's no testifiers at the District Office because it burned down.

CHAIR SUGIMURA: . . .*(laughing)*. . . That is true. You're going to get a new one, right, eventually? Member Keani Rawlins-Fernandez is...unless she's excused, she'll be joining us?

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha kakahiaka, Chair. I am here.

CHAIR SUGIMURA: Oh, I can't see you.

COUNCILMEMBER RAWLINS-FERNANDEZ: I am at the Molokaʻi District office, alone on my side of the office. And I have my --

CHAIR SUGIMURA: Ah, look at that.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- Committee Outreach Specialist Zhantell Lindo and my EA Haunani Madela on the other side of the office. Hauʻoli la heleui.

CHAIR SUGIMURA: That's really cool. Rawlins...Ms. Rawlins-Fernandez, that's--did you make that?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes, all by myself. Totally kidding. No, no, of course not.

CHAIR SUGIMURA: . . .*(laughing)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: In all my free time.

CHAIR SUGIMURA: Yes. All right. Members --

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COUNCILMEMBER RAWLINS-FERNANDEZ: Now . . .*(inaudible)*. . .

CHAIR SUGIMURA: Happy Halloween. Member Sinenci?

COUNCILMEMBER SINENCI: Liho, Chair, and hau'oli la heleui from the Hāna District office. I'm here with District Staff --

UNIDENTIFIED SPEAKER: Mahalo again.

COUNCILMEMBER SINENCI: -- Mavis Medeiros, and there are no trick-or-treaters this morning.

CHAIR SUGIMURA: . . .*(laughing)*. . . You look like you're ready. All right. So, that's everybody that we have. And Member Kama is excused from this meeting. From the Department of Finance, we have Scott Teruya, who's going to be talking about real property tax, as well as Marcy Martin, Assistant County Real Property Tax Administrator. From the Office of the Mayor: Luana Mahi, Executive Development Director; Maria Zielinski, Budget Director; Lesley Milner, Budget Specialist. Department of Management, we have Josiah Nishita, which he has a time schedule, so I'm going to take his item up first. For the Department of Planning, Kathleen Aoki, who's the Director. And Department of Corporation Counsel, Kristina Toshikiyo, Deputy from Corporation Counsel. Committee Staff, thank you for very much for all you have done up to the minute to help me get here. Yvette Bouthillier, Senior Committee Secretary; James Krueger, Senior Legislative Analyst; and Kasie Apo Takayama, thank you very much; Richard Mitchell, Legislative Attorney; Lei Dinneen, Council Services Assistant Clerk. Thank you, Members, for attending today's BFED meeting, and we have four items on the agenda. The four items are BFED-35, Real Property Tax Exemption for Properties Impacted by Natural Disasters or Wildfires; BFED-39, Resolution 23-218, Authorizing the Transfer of an Unencumbered Appropriation Balance Within the Department of Planning, Fiscal Year 2024; BFED-40, Bill 96 (2023), Amending Fiscal Year 2024 Budget: Office of the Mayor (Economic Development Program, Wailuku, West Maui Economic Development, Environmental, Cultural Programs); and the last item on the agenda is BFED-44, Bill 100 (2023), Amending the Fiscal Year '24 Budget: Appendix A, Part I, Department of Management. And this is the item I'm going to take up first because Mr. Nishita has to leave, and then I'll go into the rest of the agenda. So, at this time, do we have testifiers? Is that right? Yeah. Okay. So, we will now move on to public testimony at the beginning of the meeting. Oral testimony via phone or video conference will be accepted in addition to in-person testimony. Individual...individuals wishing to testify in person may sign up with the Staff member at the entrance of the Chamber. And for those joining the meeting via Blue...BlueJeans, please let Staff know if...in chat if you wish to testify. Testifiers wanting to provide video or audio testimony should have joined the meeting online via BlueJeans link or phone number noted on the agenda. Written

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testimony is encouraged, and can be submitted via the eComment link at [mauicounty.us/agenda](http://mauicounty.us/agenda). Oral testimony is limited to three minutes per person...per item, and if you're still testifying beyond that time, I'd like to ask you to complete your testimony within another 30 seconds. In accordance with the Sunshine Law, testimony can occur at the beginning of the meeting, but cannot be limited to only the start of the meeting. The Chair will receive oral testimony for agenda items at the beginning of the meeting and as an item is called up on the agenda. When testifiers sign up to testify, they must let Staff know whether they wish to testify at the beginning of the meeting or before an agenda item, otherwise Staff will assume the testifiers will testify at the beginning of the meeting. We ask that you state your full name, but if you prefer to identify...to remain anonymous, Staff will identify you...identify and refer to you as "Testifier" or assign you a number. You may indicate in the chat if you do not wish to testify; however, chat should not be used for discussion or comments. Please be courteous to others by turning off your video and muting your microphone while waiting for your turn to testify. Once you are done testifying, or you do not wish to testify, you can also view the meeting on *Akakū* Channel 53, Facebook Live, or [mauicounty.us/agendas](http://mauicounty.us/agendas). Thank you for your cooperation. We will now proceed with testimony.

MS. APO TAKAYAMA: Chair, the first testifier is Jackie Keefe, to be followed by Rann Watumull.

CHAIR SUGIMURA: Jackie Keefe?

**. . .BEGIN PUBLIC TESTIMONY. . .**

MS. KEEFE: Aloha mai kākou. Mahalo, Councilmembers, for giving an ear to the public. My name is Jackie Keefe, and I'm here to speak on Budget Item 35. I fully support an exemption for those affected by the fire and those displaced. I urge you to remember that many people whose homes did not burn are still unable to occupy theirs for their own safety. These folks are all in the same position. Most of them are liable for mortgages, taxes, and now rent for an indefinite amount of time. I would also like to ask that you consider an outright ban on short-term rentals, specifically in West Maui, but I have heard that the desire is all over the island. People have been economically displaced from their homes for years now, and the crisis has been...has forced so many more to leave, born and raised with nowhere to go. I just found out, a good friend of mine, he's been here 35 years, his whole 35 years, and he's got to move to Oregon. The last thing I will ask you--sorry. The last thing I will ask you to consider is to incentivize those with second and third homes here to sign long-term leases. Even six-month leases would address our immediate housing crisis in a significant way. If they choose to keep their home empty, we can double their tax rate. While I understand that this is sticky and no one wants people living in

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their homes, I have far more empathy for those who will be homeless for the next several years, up to a decade. Thank you.

CHAIR SUGIMURA: Thank you very much. Anybody have questions for her? Okay. Seeing none. Thank you very much. Next testifier, please.

MS. APO TAKAYAMA: Chair, the next testifier is Rann Watumull, to be followed by Peter Horovitz.

CHAIR SUGIMURA: Where...did you say Rann was his name? Rann, are you there?

MR. WATUMULL: I'm here. Okay.

CHAIR SUGIMURA: Oh, now we can hear you.

MR. WATUMULL: Hello. Thank you, Councilmembers, and thank you for this opportunity to share. My wife and I are...are trustees of the Albert . . .*(inaudible)*. . . 2012 Dynasty Trust *(phonetic)*. . .*(inaudible)*. . . owns a home located at 5187 Lower Honoapi'ilani Road. And we've been housing up to two families of...of ten people since a few days after the fire, and...and we've been housing these families at no cost to them. However, we are still being charge over 58,000 per year in property taxes as a legal short-term rental. So, we strongly support Bill 95, specifically Section 3.48.551.C, as it would provide much relief from this burdensome property tax expenses while we are helping victims of the fire. Thanks so much.

CHAIR SUGIMURA: Hang on for a question from Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Watumull. I was wondering, you know, for the purposes of how the bill works, you're saying that you did not charge the displaced families any rent, you just took them in?

MR. WATUMULL: Yes, that's . . .*(inaudible)*. . .

COUNCILMEMBER PALTIN: And so, if there were others that did something like this, or if you did it, what would be the verification? Would it be letters from the family, or how...how can we verify this?

MR. WATUMULL: Very good question. I would think yes, verification from families with proper identification would be fine, and they'd be happy to share.

COUNCILMEMBER PALTIN: Okay. And they're still at your property now?

MR. WATUMULL: They...they've just now have received a one-room property at...through Red Cross, but we are keeping the property open to them because

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they have to move out tomorrow, and they're not sure where they're going to go yet. So, we are holding the property open for them, this family of five, to come back.

COUNCILMEMBER PALTIN: They have to move out of the Red Cross tomorrow, but they haven't been told where they can move to?

MR. WATUMULL: They have not been told where they have--but so, I'm holding the property open for them. The family is quite supportive. In fact, the ...the family has a foundation, and they also recently contributed \$20,000 to Maui fire...fire relief.

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR SUGIMURA: Okay. No other questions? I see no other hands. Thank you very much for testifying.

MR. WATUMULL: Thank you.

CHAIR SUGIMURA: Next testifier?

MS. APO TAKAYAMA: Chair, the next testifier is Peter Horovitz, to be followed by Marilyn Bautista.

MR. HOROVITZ: Good morning, Chair --

CHAIR SUGIMURA: Good morning.

MR. HOROVITZ: -- Members of the Committee. Thank you for the opportunity to testify today. My name is Peter Horovitz. I am a Wailuku-based attorney, but I'm offering this testimony just on my own behalf, not on behalf of any clients. I appreciate all three of the bills, 91, 102, and 95, and I think they each have something to offer. I did offer some written testimony that kind of fleshes out what I...what I'm saying. My suggestion is to combine them. I think 91 is a...is a very good start because it encompasses all properties in all classes, as well as properties that were both destroyed and that might be still standing, but cannot be used for any reason. Subsection B from 102, I really like. That's the provision that says that if you--the...the exemption goes away or is not enjoyed by someone who buys the property. So if someone buys a piece of property on speculation, and there are speculators out there, or someone might choose to sell for...for their own reasons, whoever buys the property shouldn't...shouldn't be...shouldn't be getting the exemption. I think it should simply go to...to fire victims. And then subsections C and D --

COUNCILMEMBER PALTIN: The sound went out on my end. I cannot hear.



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CHAIR SUGIMURA: Okay. One --

COUNCILMEMBER PALTIN: I guess us virtual folks maybe cannot hear.

CHAIR SUGIMURA: Okay.

UNIDENTIFIED SPEAKER: Mine too.

CHAIR SUGIMURA: Okay. And I'm going to take a brief recess.

MR. HOROVITZ: Sure.

CHAIR SUGIMURA: One moment. I'll take a brief recess. We'll come back at 9:20 --

UNIDENTIFIED SPEAKER: Oh, we hear him now. We just heard him.

MR. HOROVITZ: I thought...can you hear me now?

UNIDENTIFIED SPEAKER: Yeah. We heard him. Yeah.

CHAIR SUGIMURA: How about you...Tamara, can you hear him? Oh.

COUNCILMEMBER PALTIN: Yes. We...I don't know what happened, but can hear now.

CHAIR SUGIMURA: Okay.

MR. HOROVITZ: Is there anything I can repeat, or...when it went out?

CHAIR SUGIMURA: You can...you can start.

COUNCILMEMBER PALTIN: Yeah, maybe if you can go back a sentence or two, that would be great.

MR. HOROVITZ: Sure. So, I started with, you know, trying to combine all three of the bills, I think, would make sense. Bill 91, I think, is a...is a very good start because it encompasses properties of all classes. And it...it provides exemptions not only for those who...whose properties who were destroyed, but whose properties that are rendered uninhabitable or unusable. Then I...I like subsection B. from Bill 102, and that's the provision that sunsets the--or...or takes away the exemption for someone who might purchase a property. There are land speculators out there, and we all know that. But, you know, someone might choose to sell for whatever reason, and I think if someone buys a property that was impacted, they shouldn't enjoy the...the...the exemption. I think that should really be reserved for those people who were...who were directly affected by the fire. And then

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finally, subsection C. and D. from Section 2 of Bill 95, I really like. And I...those are the provisions that provide some rebates for owners of TVRs, and short-term properties, and even hotel properties that open up their...their properties for fire victims. It gives them some relief during the time that they are...they are housing people. I did, in my written testimony that I submitted, make one suggestion in that regard, and I would include a provision on...for short-term rentals that says...that says that, you know, by housing people, you're not jeopardizing your other status, your other permits, or permissions you might have. And I think that's important because there are various use-it-or-lose-it provisions buried within the Code, that if you have this permit but you don't use it, or you stop using it for a period of time, you don't get it back. And particularly with regard to some short-term rentals and...and whatnot, I want to encourage people to open these homes, but I...I'm certain that there will be people who will be fearful of losing some status, and they simply won't. So, I think we need to do everything--and...and, you know, frankly, this might--I know there's a...there's a movement to get rid of short-term rentals or limit them, and that's fine. This might encourage someone who...to open up their home to a long-term rental, and they might decide, you know what? I like this better than having to . . . *(timer sounds)*. . . you know...you know, change the sheets or do whatever every...every...every week or whatnot. So, it might...might help in that regard, but I...I would--again, I have that in my written testimony as well.

CHAIR SUGIMURA: Okay. Thank you very much.

MR. HOROVITZ: Thank you.

CHAIR SUGIMURA: Any questions for Mr. Horovitz? I see none. Thank you very much, Peter.

MR. HOROVITZ: Thank you.

CHAIR SUGIMURA: Thank you. Next testifier.

MS. APO TAKAYAMA: Chair, the next testifier is Marilyn Bautista, to be followed by Michael Williams.

CHAIR SUGIMURA: Ms. Bautista?

MS. BAUTISTA: Hi. Good morning. Can you hear me?

CHAIR SUGIMURA: Good morning. Yes.

MS. BAUTISTA: Okay. This is Marilyn Bautista. Thank you so much. Good morning and aloha for allowing me the opportunity to come and speak to you. I thought I would get my courage up and come and talk to you because I'm in a somewhat

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unique situation in that I have two homes that were impacted by the fires. One was my parents' home of decades that was completely burnt down to the ground. And I am very grateful for what the Mayor did to give us the relief for the taxes. Just down the street is my home, which is still standing, but it is a smoker and it is uninhabitable. We don't have water or sewer, and we've been told by the Mayor's Office that those will likely not come until maybe now, the end of next summer. And so, I'm here to support Bill 95. And for me, just the one thing I have is Clause A, which provides the relief for all people within the fire zone that had been impacted. So, that...that is what I'm here for. And I also have 20 direct family members on island. When I had learned throughout the fires that my home was saved, I thought it was wonderful because I would be able to bring all my family there, but unfortunately, that's not the case. There is a lot of toxicity within the home, and now permeating the...the drywall, so it's going to be a long time before I can take people in as I really had hoped to do. So, I really do appreciate you all thinking about support for Bill 95. Thank you.

CHAIR SUGIMURA: Thank you very much. Anybody have questions for Ms. --

MS. BAUTISTA: Questions?

CHAIR SUGIMURA: -- Bautista? Ms. Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Bautista. I just wanted to clarify, your home that is still standing in...is it Puamana?

MS. BAUTISTA: Yes, in Puamana.

COUNCILMEMBER PALTIN: That was your principal home? Like, you were --

MS. BAUTISTA: No.

COUNCILMEMBER PALTIN: Oh, okay.

MS. BAUTISTA: No. We...it was our intention to turn it into--it is a vacation rental home. It's not our principal home.

COUNCILMEMBER PALTIN: So, I...I just was looking over Bill 95, which was the one I proposed.

MS. BAUTISTA: Right.

COUNCILMEMBER PALTIN: And it says, real property owned and occupied only as a principal home as of the date of assessment by an individual or individuals will be exempt. So, maybe...I mean, it might be Chair Lee's bill? I'm not sure because the previous testifier said her's [sic] one applied to all properties. But

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we'll...we'll...I guess that's what the discussion part of this is for, but just --

MS. BAUTISTA: Um-hum. Um-hum.

COUNCILMEMBER PALTIN: -- wanted to clarify --

MS. BAUTISTA: Oh, thank you.

COUNCILMEMBER PALTIN: -- that I think as my bill is written, it's mostly for property owned and occupied as a principal home as of the date of the assessment. But there's three bills to combine amongst, so --

MS. BAUTISTA: I see.

COUNCILMEMBER PALTIN: -- I just wanted to clarify. Probably, your support would be for Bill 91 or something.

MS. BAUTISTA: I'm sorry, I don't...I...I'll have to do a little better research on that. I guess the only thing that I would put out there to everybody is that, you know, everybody's been impacted and, you know...and had this destruction happen to their homes. So, I guess homes that were burnt down all the way, some of those were principal residences and some of those probably were rental, kind of, homes. So, I guess we're just asking that everybody be treated the same because the homes are uninhabitable.

COUNCILMEMBER PALTIN: Thank you.

MS. BAUTISTA: Thank you.

CHAIR SUGIMURA: Thank you for testifying. Any other questions for her? Seeing none. All right. Next testifier, please.

MS. APO TAKAYAMA: Chair, the next testifier is Michael Williams, to be followed by Jonathan Helton.

CHAIR SUGIMURA: Good morning, Mr. Williams.

MR. WILLIAMS: Aloha kakahiaka, Chair. Can you hear me?

CHAIR SUGIMURA: Yes, I can hear you.

MR. WILLIAMS: And aloha kakahiaka, Councilmembers. My name is Michael Williams, and I was the principal author of the Cost of Government report on real property tax policy options that was issued just a year ago. And based on what we learned in that detailed examination of the real property tax system that Maui County

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has, what I...I have two main messages for you today. One is, you don't need to deal with property tax relief for fire-damaged properties now. You can do it in much...with much more time to decide the nuances of it. Whether you want to do it for all property classes, whether you want to do it for three years or one year at a time, and all that, you can decide all of that next April and May. And by next April and May, you will also have a great deal more information about what the value is of the... of the...of the lots on which the burned buildings stand. Some of those properties along Front Street, the...the land alone was assessed at \$4 million or more. And even with the fact that you can't rebuild for two or three years, those properties are still going to be worth a lot of money, and they're owned by...a lot of them are owned by out--you know, residents--I mean nonresidents of Maui County, their second homes, or their short-term vacation rental homes. In any event, I would urge you to just postpone all of the property tax relief issues right now--the Mayor is taking care of this year's property taxes--and take it up next April and May. The County has long had a system for dealing with burnt buildings on property. There's a system for the Real Property Assessment Division to decide what is the remaining value, assessed value, of a...of a parcel with a damaged building on it. This County has a form for the owner to fill out and submit, and the County has the process for deciding what that's worth. So, for all those reasons, I would urge you just to put aside all property tax relief for now. You're not losing anything. You...you can still give all the tax relief these bills propose, if that's what you decide, after you have much more information and time to think about it. However, there is some urgent legislation you need to get on right away, and that is amending the long-term rental exemption...long-term rental class qualifications to allow for relief of anyone who is giving shelter to fire-displaced families and households, even though they've only been renting to them or...or even given them the home for free for a few months. You need to...they need to be able to submit their declarations and their qualification documents by December 31st of this year, so you need to get the long-term rental exemption amended, you know, next month, in time for RPAD to get out the need to those owners, and for those owners to submit their documentation. . . .*(timer sounds)*. . . There's three bills. I don't know if I'm limited to three minutes, but if I'm not, what I would follow up with is, there's two other amendments to the long-term rental exemption I would urge you to take up this year if you can. One is the . . .*(inaudible)*. . . --

COUNCILMEMBER PALTIN: I don't know if you guys can hear, but it's not coming through clear.

COUNCILMEMBER LEE: We can hear.

CHAIR SUGIMURA: We can hear.

COUNCILMEMBER LEE: Oh.

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CHAIR SUGIMURA: Sorry...sorry, Mr. Williams.

COUNCILMEMBER RAWLINS-FERNANDEZ: We...we could hear.

CHAIR SUGIMURA: One moment. Let us --

MR. WILLIAMS: Yes. I'm saying there...there are two amendments in addition to the one I just discussed for long-term rental class --

CHAIR SUGIMURA: Wait, one...one second. One second, Mr. Williams. Hang on.

MR. WILLIAMS: Okay.

CHAIR SUGIMURA: Are we having technical problems? Oh. Can you hear now? Ms. Paltin, you can't hear? How about Rawlins-Fernandez or Mr. Sinenci, can you hear?

COUNCILMEMBER RAWLINS-FERNANDEZ: It...it said Member Paltin had...saying, again, poor network. So, I...Member...Member Paltin is at Nāpili Noho right now, and so it might...that might be the reason that the, you know, connection isn't as strong.

CHAIR SUGIMURA: . . .(*inaudible*). . . communication. Every...everybody else can hear?

COUNCILMEMBER RAWLINS-FERNANDEZ: I can hear.

CHAIR SUGIMURA: Okay. Everybody else can hear. Okay. Thanks. I'm going to take a two-minute recess. Let me find out what we do about this. . . .(*gavel*). . .

RECESS: 9:33 a.m.  
RECONVENE: 9:36 a.m.

CHAIR SUGIMURA: . . .(*gavel*). . . Welcome back to the Budget, Finance, and Economic Development Committee. Members, thanks for the short recess. I think we figured out what our glitches were. And so, Mr. Williams, since I interrupted you, and you were...we have--I think you were testifying about the three budget bills, and they're all lumped together, so that was three minutes. And you now has...have 30 seconds to complete.

MR. WILLIAMS: Okay. Thank you, Chair.

CHAIR SUGIMURA: Can you hear me? Oh.

MR. WILLIAMS: The long-term rental exemption not only needs to be amended to...to

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handle the people that are providing shelter to fire-displaced victims--you can decide later, though, how much of the...what...what rate to set, what tier value to put those short-term...those long-term rental homes in, and whether you want a bigger exemption for that or not. That all can be decided next April. The only thing you need to do now is to change the qualification requirements in time for people to comply by December 31st. Two other quick changes that I think you should make to long-term rentals. You should loosen the requirements so you don't have to have a full one-year lease if, in fact, you have normal tenant turnover . . . *(timer sounds)* . . . during the year. And also, you should consider a special exemption for people who rent at affordable rates, like the Big Island and Kaua'i do. Thank you. That's all.

CHAIR SUGIMURA: Okay. Thank you. Thank you very much. Anybody have questions for Mr. Williams? Seeing--oh, I see questions from...first of all, from Chair Lee, then Member Johnson, then Member Paltin.

COUNCILMEMBER LEE: Thank you, Chair. Good morning, Mike. I was just wondering how you felt about not--we were hoping to give relief to those properties and property owners who...whose buildings are uninhabitable. Do you consider that different from being, you know, destroyed and...and not inhabitable? Is there a distinction to...for you?

MR. WILLIAMS: There's not a distinction, it's a question of what the reduction of value is, and the Real Property Assessment Division is going to give you that information on every parcel when they finish their assessments on December 31st. That's how they've always handled damaged buildings on properties, whether they're destroyed completely, or whether they're just made unusable. So, I don't think it's...it's not an important distinction between those who have just lost water and sewer and those who have had their buildings completely destroyed. It's a question of what property class they're in, what the value is of the remaining lot, and whether you really want to give tax relief to zero for all of those people, whether they're, you know, second homes, short-term rentals, long-term rentals, or nonowner-occupied, owner-occupied, all that. You can take all those details up next April.

COUNCILMEMBER LEE: Okay. So, you...you wouldn't have been in agreement with the Mayor's proposal to exempt everyone whose houses or...or properties were destroyed? You didn't support that?

MR. WILLIAMS: No, I think that...I...I think the Mayor made a mistake in not taking into account people's income levels, the class...the class of properties that people were in, whether they were second homes, or short-term rentals, or owner-occupied. But as far as I can tell, that's a done deal, although I haven't been able to find the written order to that effect. I've talked to Marcy Martin, I've talked to Cory Vicens about it, and so far, I haven't seen the written order the

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Mayor signed that did this. It'd be interesting if you can dig it up.

COUNCILMEMBER LEE: I believe you did, but we...we'll...we'll check on it for you.  
Thank you, Mike.

MR. WILLIAMS: Yeah.

CHAIR SUGIMURA: Thank you very much. Next, Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. Good morning, Mr. Williams. Always good to see you and hear your expertise on this matter. Just a clarifying question at this point. You mentioned that Kaua'i and Big Island has bills for tax rates for short-term rentals--or I'm sorry, for affordable housing. Do you...do you have the bill numbers, do you have anything you can add to...to clarify that? If...if...and if you don't, maybe we could talk offline. But do you have anything to add?

MR. WILLIAMS: I...I believe that the Cost of Government report I mentioned does have details about the Big Island program. I can't remember if we've mentioned the Kaua'i program or not, but I can certainly get you those bill--you know, they have...they have ordinances they've adopted. This is part of their Code now, to do this.

COUNCILMEMBER JOHNSON: Right.

MR. WILLIAMS: And they have experience administrating it. And I've talked to their Real Property Assessment Division heads, and they say the program is working well.

COUNCILMEMBER JOHNSON: Oh, that's great to hear. Thanks for that clarification.  
Thank you, Chair.

CHAIR SUGIMURA: Thank you. Next, we have Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Williams. I just was going to ask if Mr. Williams is available, if he could be a resource because of his unique expertise as having been the Cost of Government Commission Chair?

CHAIR SUGIMURA: Okay. Any objections, Members? Seeing none.

COUNCILMEMBERS: No objections.

CHAIR SUGIMURA: Okay. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, can you check with Mr. Williams --



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CHAIR SUGIMURA: Are you --

COUNCILMEMBER RAWLINS-FERNANDEZ: Can you check with him first, before you --

CHAIR SUGIMURA: I am going to do that next, Member Paltin...I mean, not Member Paltin, Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Rawlins-Fernandez. That wasn't --

CHAIR SUGIMURA: Yeah, we know that's you.

COUNCILMEMBER RAWLINS-FERNANDEZ: It was me. It was me.

CHAIR SUGIMURA: So, Mr. Williams...

MR. WILLIAMS: I am available, if that's the question. It kind of depends on how long you go, but I can be here for a couple of hours.

CHAIR SUGIMURA: Okay. Thank you. Any other questions for Mr. Williams?

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR SUGIMURA: Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Yeah. In case we don't get to it, I want to ask my questions. Mahalo, Mr. Williams, for your testimony, and for your willingness to remain on as long as you can to serve as a resource person. Okay. So, the first question is regarding clarifying loosening the requirement of a 12-month lease. So, it...it was contemplated and written in a way to allow for flexibility for standard tenant turnover. Is it your understanding that...that the current language is not flexible enough?

MR. WILLIAMS: That's my understanding, although --

COUNCILMEMBER RAWLINS-FERNANDEZ: Is that...I think it is.

MR. WILLIAMS: -- I haven't gone back to review it in detail. It looks like you froze, Councilmember Fernandez. Can you hear me still?

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, I can. Yes.

MR. WILLIAMS: Okay. Well, when I read it the last time, I didn't think it was flexible enough. You've got Marcy Martin there to...to --

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COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah.

MR. WILLIAMS: -- show you how it's working. I think the biggest problem with --

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah.

MR. WILLIAMS: -- with that exemption is you...you haven't created enough of a financial incentive difference between what you...the rate you assess on the lowest tier of nonowner-occupied and the rate you assessed on long-term rentals. You need to increase that differential in order to create the incentive for more homeowners to qualify for the long-term rental class. Right now, there's --

COUNCILMEMBER RAWLINS-FERNANDEZ: I agree. Okay.

MR. WILLIAMS: Yeah. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for that clarification. I...I agree with that position, but I am--as far as in practice, Ms. Martin said that that was enough flexibility for their division to allow for standard tenant turnover. And then the second clarification, you said...okay. So, for the affordable rental rates for Kaua'i, you said that it's working well. So...but was it not your understanding that that was the plan all along, but the intention was to get as many people part of the long-term rental program before making it more restrictive by having the amount?

MR. WILLIAMS: I'm not sure I understand the question, but the...right now, Maui County does not have any extra incentive for landlords in Section 8 program, or who rent at affordable rates outside the Section 8 program, whereas Hawai'i County and Kaua'i County do. And I think we...I think we need that. And...and if you're going to do it this year, you need to do it by the end of November so people will know they can--how to qualify and so forth.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Williams. Well, hopefully we'll get to the item, you know, while you're still here. Mahalo, Chair.

CHAIR SUGIMURA: Thank you, Mr. Williams, and thank you for being available as a resource. And other questions for him? Seeing none. Okay. Next testifier?

MS. APO TAKAYAMA: Chair, the next testifier is Jonathan Helton, to be followed by Tom Croly.

MR. HELTON: Aloha, Chair and Councilmembers. Can you guys hear me?

CHAIR SUGIMURA: Yes.

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MR. HELTON: All right. So, my name is Jonathan Helton, and I am a registered lobbyist with the Grassroot Institute of Hawai'i. We are an organization that promotes policies that would lower the cost of living in Hawai'i and expand economic opportunities. So, in my role as a Policy Researcher, I focus a lot on County policy. I wrote a report earlier this year that detailed different policies that the counties could look at to provide property tax relief. I know Maui has a very good property tax model that we've been referring to in some of our testimonies to the other counties. But I'd like to comment briefly on Bills 91, 95, and 102. So, the Institute believes that these bills are definitely a step in the right direction in providing tax relief to property owners whose properties were affected by the fire. We obviously do not want any situations in which a homeowner or a business owner loses their property to foreclosure because they were unable to pay their property tax, either through the loss of livelihood or something else. So, in my written testimony, I mentioned that Bill 102 is probably our...would probably be our preferred avenue for getting that property tax relief to the property owners. But we would support any of these bills, and I would just like to kind of add three things. So, no matter which bill moves forward, just three things to keep in mind. Number one, we would support tax relief for all classes, so not just residential, but for commercial, agricultural, industrial. If you're...if you had a piece of land and the building was destroyed or damaged, then you should be eligible for property tax relief. Second of all, we would support, whether you do it now or you do it in May, retroactive tax relief for properties that were not completely destroyed, as in what the Mayor waived property taxes for, but properties that were damaged and maybe made uninhabitable...uninhabitable by the fires. So, retroactive property tax relief for this fiscal year. And then the final thing is, we would support this tax relief to remain in effect for several years, as it will likely take several years for cleanup and infrastructure rebuilding so that--before people will be able to go back in and reconstruct residences or businesses. So, tax relief for all classes, retroactive tax relief for damaged properties in Fiscal '24, and several years of relief. Either bill...whichever bill goes forward, that's what we would support being in that bill. And with what time I have left, I do want to mention some of the specifics of Kaua'i's...Kaua'i's program that benefits long-term affordable rentals. So, what Kaua'i does is, they offer two things to owners of long-term affordable rentals. The first thing is they tax those properties at the same rate at which they tax homestead properties. And so, for the current fiscal year, that's \$2.59 per thousand, which is a much lower rate than if those properties were taxed in Kaua'i's residential class. I...I don't remember the rate for it, but it is higher. And the second thing Kaua'i does for those properties is, it gives them a...the same 3 percent assessment cap that it offers to owner-occupied or homestead properties. And I...I realize Maui does not have an assessment cap, and there's...there's pros and cons there, but the...that's kind of what Kaua'i has done to incentivize long-term affordable rentals. . . .(timer sounds). . . So, happy to answer any questions.

CHAIR SUGIMURA: Okay. So, it sounds like you have the bill that Member Johnson

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was asking, I think, earlier. So, if you could share that or somebody share that, I'd appreciate it. Anybody have any questions? Oh, who has a question? Okay. Ms. Paltin has a question for you. I can't see you on the screen. Sorry.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Helton. One thing...the first thing I wanted to clarify on your point 2, where you said now or May, retroactive for this fiscal year. Does that include also about penalties that may have been assessed if it wasn't paid?

MR. HELTON: Yes. Ideally, any retroactive tax relief would cover penalties as well. I...I think that's...that's addressed in...in, I think, all of those bills, is that penalties would be waived going forward, but they should be waived retroactively as well.

COUNCILMEMBER PALTIN: Retroactive. And so, then if the retroactive...if the penalties are retroactive and the relief is retroactive, that's why you're saying it doesn't matter if we do it now or in May?

MR. HELTON: Yes. Of course, if the County did it before the--I think it's February is when the next round of tax bills are due, so for the second half of FY'24. If bills were passed now, that wouldn't have to be retroactive. Obviously, it would either way. If it's now or May, it has to be retroactive for the tax bills due August 20th.

COUNCILMEMBER PALTIN: And then when you're saying that the incentive portion for STRs to convert to long-term rental, is that included in what your testimony was? My...my Bill 95 had some incentives.

MR. HELTON: Yes. And I didn't touch on that in the testimony. I think that's something we would absolutely support. I know that the way the incentive is being set up will require County Staff to do a little bit more work, but I...I didn't address that in written, but we would support that as well.

COUNCILMEMBER PALTIN: So, what you are talking about, whether now or in May, you're not addressing that towards the incentive portion of it, you're saying?

MR. HELTON: Right. That was...that was kind of the more comprehensive one. I...I am not as well informed about the specifics of those--the...the incentive for hotels and STRs, so I can't...I can't exactly speak to that.

COUNCILMEMBER PALTIN: Okay. And then the other--the last question I had was, when you you're speaking to the affordable long-term rental, is it going by HUD fair housing...HUD fair market values for...for rent based on bedroom sizes?

MR. HELTON: I would imagine that's how Kaua'i has it set up. I don't know off the top of my head. I can send you guys the...the County Code that addresses that, though.

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COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR SUGIMURA: Any other questions? Seeing none. Okay. Thank you very much.

MR. HELTON: Thank you.

CHAIR SUGIMURA: Next testifier.

MS. APO TAKAYAMA: Chair, the next and final testifier signed up to testify is Tom Croly.

MR. CROLY: Aloha, Committee. Aloha, Chair. I submitted comments, written testimony via the eComments section, and I hope that that you've had a chance to review that, or will have a chance to review my...my written testimony. I'll try to be very brief here because I know you have a lot to discuss in this meeting, and specifically with the Real Property Tax Department as to how they might administrate any of these...these policies that are...that are proposed. But I...I just want to point out, there's three policies that you guys have to decide on today. One of them is, do you give tax relief to properties that were in the burn zone, and not fully destroyed, but are uninhabitable? I think that's a no-brainer. I think for these people who have no water, have no sewer, and so forth, you need to give those...those folks tax relief. The second policy is, do you give tax relief to people who have been providing long-term housing to folks who were displaced? And you've heard from some testifiers already that they have been providing that...those accommodations to people at no cost, yet still paying the highest property tax rates in...in the form of the short-term rental rates. So, I think some consideration should be given to those folks. But I want to be clear, not to the properties that have been getting paid, you know, market, short-term rental rent...rent as...as has been the case in the hotels and so forth to house people. We are not asking for tax relief for those folks. But there are people in the community in short-term rentals who have been providing free accommodations to people who were displaced, while at the same time, as you heard from one of the testifiers, paying \$5,000 a month in property tax to...to the County. And I think those people deserve some consideration. The third policy decision that you need to make today--and this is the one that I feel very strongly about--is creating an incentive for short-term rental property owners, of which there are 9,602 in...in West Maui. When I say 9,602, that includes both the...those classified as short-term rental and those a...as owner...nonowner-occupied. Nonowner-occupied are generally people's second homes. There are 9,602 of those properties in West Maui. And...and if you're going to ask those people to house folks long-term--a year, two years, maybe three years or more--you can't be asking them to pay the...the...the taxes that a short-term rental would pay. And there's going to have to be some type of incentive put on by the County. The only thing, the only thing in your power, in the power of...of the Council and the

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County, would be to waive their property taxes. I heard, you know, yesterday, the frustration that some of the Councilmembers have...have expressed, that how could there be 9,600 empty properties here? Why don't we just take them away from the owners and put people in them? You don't have that power, and...and...and Corporation Counsel told you that very clearly. But if you can incentivize those people to turn their places into . . . *(timer sounds)*. . . long-term rentals, and the way I encourage you to do that is through this tax incentive. But you're going to have to figure out a way to administrate it, and I'd be interested to hear the thoughts of the Real Property Tax Department as to how that might be possible. Thank you, Chair. I will tune in and...and...and listen to what you have. But...but let me make one more point. It can't be, you have to do everything by the end of the year, you have to get your paperwork in by the end of the year, because you will create exactly zero long-term rentals if you tell people, you have to make a decision in the next month if you're going to now give a one-year lease to someone and then file paperwork. That's not going to happen. That's simply not going to happen. So, the goal is to create long-term housing to people, that...this is one little piece of that puzzle, so...so please, you know, don't abandon this idea. . . . *(timer sounds)*. . . Thank...thank you, Chair.

CHAIR SUGIMURA: So, what is your recommendation for the incentive?

MR. CROLY: So, the...the...the one incentive that you're proposing here is to waive property taxes for these properties that will create housing for the displaced folks. That's one incentive. Now, that may not be enough, okay? So, FEMA money might have to get...get involved in that. There's going to have to be creative ways. For a lot of these short-term rental condo owners, their taxes, and their maintenance fees, and their utilities are probably in the 3,000 to \$4,000 a month range. That's what they just paid for taxes, maintenance fees, and utilities, 3 to \$4,000 a month. So, you're not going to expect them to be able to rent their place to someone for \$2,000 a month unless we come up with some incentives.

CHAIR SUGIMURA: Okay. Any other questions for Mr. Croly? Ms. Paltin.

COUNCILMEMBER PALTIN: Thank you. I just wanted to clarify on your second point. You said tax relief to those stepping up and not being compensated. So, that's for both the STR and the hotels?

MR. CROLY: No. I...I wanted to be very, very clear. The folks that have been getting paid--the hotels, they've been getting paid, I don't know exactly how much, but a lot. They've been getting paid \$20,000 a month or so to...to keep someone in a hotel room, okay? They don't need tax relief. Let's be real clear about that. But there are other people who --

COUNCILMEMBER PALTIN: To clarify, are you sure that there are no hotels? Because when we used to get the Red Cross daily shelter counts, Ritz-Carlton never was

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on there, and Ritz-Carlton was both housing, like, 100-something families. I think the Sheraton--like, some of the hotels are taking in their own workers, and that's not part of the...the Red Cross--or it wasn't...we...we stopped getting the Red Cross daily counts around the end of September. I don't know why. I've asked to have that reinstated, but they're not doing it. But my understanding is, some of the hotels were taking in their own workers not through the programs. Are you aware of something --

MR. CROLY: Okay. Well, you're talking to something I --

COUNCILMEMBER PALTIN: Different?

MR. CROLY: Yeah.

COUNCILMEMBER PALTIN: Okay.

MR. CROLY: No, I don't know something different.

COUNCILMEMBER PALTIN: All right.

MR. CROLY: I was...I was under the assumption, and my assumption was probably...is apparently wrong, that all the folks were under the Red Cross program and being compensated. So, I...I think you're right. You know, then...then you would need to stratify the ones that have been getting compensated already for people staying versus those that have not. But...but my testimony on that particular part was, for any of these people who have, as you...as you say, stepped up and done the right thing, and put people into their accommodations, be it the short-term rental, or in this case, be it a hotel, and not been compensated in any way, shape, or form for that, then waiving property taxes would be a...would be a reasonable thing that the County could do to...to help in that situation. Thank you for that clarification.

COUNCILMEMBER PALTIN: Thank you. Okay. Thank you, Chair.

CHAIR SUGIMURA: Thank you very much, Mr. Croly. Anybody else? Seeing no hands. Thank you very much, and you did submit public testimony.

MR. CROLY: You're welcome. Good luck.

CHAIR SUGIMURA: Thank you very much. So, next testifier.

MS. APO TAKAYAMA: Chair, I believe there was an individual who wanted to testify in the Chamber. If not, I'll do a countdown. I'll do a last call for testimony.

CHAIR SUGIMURA: No?

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MS. APO TAKAYAMA: Three, two, one. Chair, seeing no other individuals wishing to testify at this time.

CHAIR SUGIMURA: Okay. So, at this time, I'm going to close public testimony for the beginning of this meeting.

**. . .CLOSE PUBLIC TESTIMONY AT BEGINNING OF THE MEETING. . .**

**ITEM 44: BILL 100 (2023), AMENDING FISCAL YEAR 2024  
BUDGET: APPENDIX A, PART I, DEPARTMENT OF  
MANAGEMENT (BILL 100 (2023))**

CHAIR SUGIMURA: And I'm going to be taking up an item so we can get Mr. Nishita to come forward because of his time limitations. And that is going to be taking this out of order, Members, so it's going to be BFED-44, Bill 100 (2022), Amending Fiscal Year 2024 Budget: Appendix A, Part I, Department of Management. Members, this is the last bill on the agenda, which recognizes a new grant for the Department of Management, entitled "Office of Justice Programs Bureau of Justice Assistance - Byrne Discretionary Community Project Funding/Byrne Discretionary Grant Program" in the amount of \$180,000. We have with us today a representative from Department of Management, and--as well as--do we have somebody from Budget? Is--or do we have Lesley or Ms. Zielinski? I don't see them in the Chambers.

MR. KRUEGER: Chair, we...we'll check in on that. But we do also have, as a representative for this item, Walt Pacheco.

CHAIR SUGIMURA: Yeah, I saw that. Of course. Of course, right, with Communications. Walt Pacheco is here. So, you can talk about the bill, and then after that, we'll receive public testimony on it, and then the Members will ask you questions. So, at this time, you want to open up and give us some information regarding why this bill is needed? Oh, your light...you have to turn your mic on.

MR. PACHECO: Ah, there we go. Good morning, Chair --

CHAIR SUGIMURA: Yeah.

MR. PACHECO: -- Members. My name is Walt Pacheco, I'm with the Maui Police Department. I'm their Communications Coordinator. And part of my duties is the public safety radio system, which this grant fund seeks to assist with. Over normal days, we normally get what are called system busies, where the system has difficulty handling the number of calls. These funds were--are being given



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to us to add capacity to two sites which have that issue going on in West Maui, the Hyatt Regency Maui site, as well as our Kā'anapali Beach Club site. And this will expand the...the channel capacity, give us more lanes for the radio calls to go in, and alleviate that intermittent system busy issue. That's the...the purpose of the grant funding, and I'll take any questions.

CHAIR SUGIMURA: Thank you very much.

MR. NISHITA: Madam Chair?

CHAIR SUGIMURA: Anybody have questions for Mr. Pacheco?

MR. KRUEGER: Chair, we're still in the opening comments right now. It does sound like Deputy Managing Director Nishita might have something to add.

CHAIR SUGIMURA: Oh, I'm sorry. Go ahead. Mr. Nishita, you're on the...oh, I see now.

MR. NISHITA: Yes. Thank you...thank you, Chair.

CHAIR SUGIMURA: If you...

MR. NISHITA: I think the...the only things I would add, just as an overview is, we did apply for this funding back in...about the ending of 2021, beginning of 2022, as a Congressionally-directed spending request through Senator Schatz's Office. So, we did go through the process. It was provided to the Appropriations Committee, and we did get it through as one of the appropriations through that Federal funding cycle. We did go through in 2023 applying for the funding after it got "earmarked" for us. And we just received notification recently about the...the grant award, which is why we're here to accept that award. And then Walt and his team will be able to utilize the funding to get the project going. Thanks, and I'll be happy to join Walt with any questions once that opportunity arises. Thanks.

CHAIR SUGIMURA: Thank you for making yourself available, Mr. Nishita. And I see we have Lesley Milner here to be...from the Budget Office. Let's see. What?

MS. MILNER: . . .*(inaudible)*. . .

CHAIR SUGIMURA: Oh, okay. So, you're...you're here in force. Okay. So, either you or Budget Director can then provide testimony--I'm sorry, not testimony, but resource information?

MS. MILNER: Yes, Chair. We're on Bill 100?

CHAIR SUGIMURA: You're what?

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MS. MILNER: Are we on Bill 100?

CHAIR SUGIMURA: Yes.

MS. MILNER: Okay.

CHAIR SUGIMURA: Yes.

MS. MILNER: Thank you. Yes. This bill is to recognize grant revenues that have been received for the Department of Management. We've got 180,000 that are going to be used for public safety radio system, and we're happy to answer any additional questions the Members may have.

CHAIR SUGIMURA: Okay. So, is Ms. Zielinski coming also? Okay. So, does...will she be adding comments to this?

MS. MILNER: Not this one, Chair.

CHAIR SUGIMURA: Okay. Very good. Will be nice seeing...to see her. So, at this time, do we have any testifiers on this item? It looks like we do.

**. . .BEGIN PUBLIC TESTIMONY. . .**

MR. LAW: Aloha kākou. Jacee Law from Kula Uka. I just wanted to thank the 911 guys in the Police Department Communications because I guess this is like synchronicity with something, the text thing because the churches don't get it. It's not the...like the representative of the churches up there in Kula. You...they...they abuse the 911 system. I don't know if they're calling 911 or not. I hope they're...I hope they're using the nonemergency number. But could it make a big difference between when they call and say there's a violent criminal outside threatening us, or there's a guy that we don't allow to go to church, and he's doing a strike . . .*(inaudible)*. . . very much for that. So, thank you guys very much for that. And I...and I do vote yes for this...whatever they're trying to get the money for.

CHAIR SUGIMURA: Any questions? Seeing none. Thank you very much. Any more testifiers?

MS. APO TAKAYAMA: Chair, Staff has not received any requests for further testimony. I'll do a last call for individuals wishing to testify on Item BFED-44.

CHAIR SUGIMURA: Okay.

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MS. APO TAKAYAMA: Three...

CHAIR SUGIMURA: Okay. Go ahead.

MS. APO TAKAYAMA: Three, two, one. Chair, seeing no other individuals wishing to testify at this time.

CHAIR SUGIMURA: Okay. Thank you very much. I'm going to close public testimony, receive any written testimony for this item, which is BFED-44, Bill 100, for the \$180,000, Department of Management. And welcome, Director Zielinski, in your Halloween costume. Do you want to say any...any comments, Director, before we open it up to the Members? Oh, do you want to--welcome. Do you want to say anything more about this?

**. . .CLOSE OF PUBLIC TESTIMONY (BFED-44) . . .**

MS. ZIELINSKI: No. Thank you, Chair. I believe Lesley Milner covered --

CHAIR SUGIMURA: Okay.

MS. ZIELINSKI: -- yeah, had made the comments.

CHAIR SUGIMURA: All right. All right.

MS. ZIELINSKI: Thank you.

CHAIR SUGIMURA: Thank you very much for being here.

MS. ZIELINSKI: Uh-huh.

CHAIR SUGIMURA: So, Members, any of you have any questions for the test...the resource people? So, Member Cook.

COUNCILMEMBER COOK: I have a question for MPD. I'm just curious, is this hardware, software, or consultant services?

MR. PACHECO: Thank you for the question. It's primarily hardware and the services for installation. There's no real extra software, per se. We're just expanding the...the capacity within the system. So, it's just very confined to those activities.

COUNCILMEMBER COOK: Thank you, Chair.

CHAIR SUGIMURA: Thank you very much. Anybody else have questions for them? Member Johnson.

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COUNCILMEMBER JOHNSON: Thank you, Chair. So, you just mentioned expanding the capacity with 180,000 for new funding. Was there a previous budget? Was there previous money allotted to this?

CHAIR SUGIMURA: Director, talking about money? Any...which one of you want to take that?

MS. MILNER: Chair, I don't believe that there was any allocated for channel capacity this year. This is a new project, but I will defer to MPD on that.

CHAIR SUGIMURA: Okay.

MR. PACHECO: Thank you for the question as well. The...this was primarily something that we had put upon a list of things we need to do. And then the discussion with the Senator's Office came up, and that's how we got engaged in that conversation. This is actually moving a project forward from the list of other things that we need to do.

COUNCILMEMBER JOHNSON: Oh, okay. Okay. Thank you for that clarification. Thank you, Chair.

CHAIR SUGIMURA: Thank you. Anybody else have any questions for them? Okay. Oh, okay. Member Paltin. Sorry, I can't see you in my computer...on my computer. Member Paltin.

COUNCILMEMBER PALTIN: Thank you. First question, if this is to expand the 800-megahertz system. And I thought that in the last budget cycle, we did budget for West Maui radio expansion improvement projects. Those are my two questions to start.

CHAIR SUGIMURA: Mr. Pacheco?

MR. PACHECO: Okay. Thank you for the question. Yes, there is a project in this current fiscal to construct the facility in West Maui. That is to help serve as a backup for the communications resources in West Maui. This particular project is expanding the channel capacity for two of the 7- and 800-megahertz channel sites. So, we're just adding more lanes to be able to talk. The project that you're thinking of is the Makila Construction project, and that will provide us an alternate route into West Maui.

COUNCILMEMBER PALTIN: And that alternate route into West Maui is also for 700-, 800-megahertz, or is it for, like, cell service?

MR. PACHECO: It is for County services. So, part of the 7- and 800-megahertz will be

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supported by that. County Voice and Data will also be supported by that. We share the capacity on our infrastructure with the ITSD folks to help bring down costs.

COUNCILMEMBER PALTIN: Okay. And then for the 700-, 800-megahertz channel expansion capacity, how many channels currently are there, and how many channels would there be after this upgrade?

MR. PACHECO: Okay. For those two particular sites, we currently have four active channels. This will make it five active channels. And what that does for the system is, we will go from the ability to have six paths to having eight paths. So, we'll add additional two talk paths through each individual channel.

COUNCILMEMBER PALTIN: And would we need additional 911 operators to monitor those additional channels, or we're just dealing with what we got?

MR. PACHECO: No, ma'am. No personnel expansions are needed, although they really could use the help. This is just offering an additional lane for people to communicate on so that there will not be busies on the system.

COUNCILMEMBER PALTIN: And...and that additional channel will just go to whoever first needs it, like if it's Fire, or Police, or Ocean Safety?

MR. PACHECO: Yes, the channel will go into the...the system overall as a resource. Whatever users are on it--Public Works, Water Department, Fire, Police--whoever needs that resource will have that access.

COUNCILMEMBER PALTIN: Okay. And then just to clarify, it's only for West Maui, or it's Countywide would be able to use it?

MR. PACHECO: The channel resources are being placed in West Maui for those sites. So, the direct use will be for those people in West Maui, parts of South Lānaʻi, Southeast Lānaʻi--sorry--Southeast Molokaʻi might be able to reach the site, in which case they would gain that benefit. Similarly, for the North Shore of Lānaʻi as well. So, this is part of the overall system, and these two particular sites were challenged in being able to keep up with the demand, so we're adding the channel in there to be able to help it better support the users Countywide.

COUNCILMEMBER PALTIN: And just lastly, you think that this one channel is sufficient, probably go after more grant money for more channels?

MR. PACHECO: At this point, adding one channel at each of these sites provides two additional talk paths. In a longer project looking forward, we may consider expanding other channels elsewhere. But right now, based on the current use and the uses that we've been tracking, these are the only two sites that are

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challenged.

COUNCILMEMBER PALTIN: Okay. Thank you. I'll stop hoarding.

CHAIR SUGIMURA: . . .*(laughing)*. . . Okay. So, Members, in the letter that was sent to us for the purpose of this bill, for the \$180,000, these funds will be used to expand the channel capacity, as Walt has been explaining to us. And they are...it is comprised of 23 radio and network link facilities, and in the West Maui area, these two sites provide the bulk of radio communications for Police, Fire, Public Works, Water, and Emergency Management. And we appreciate Senator Schatz, that I got to recently visit, and he really is good with appropriations. I mean...and since we applied for it a while ago, and...and these are earmarked funds, then I'm quite sure that it has to rise to that, you know, point that he could allocate it for us. But I do know that he and Ed Case really do work hard. They're both appropriations for House and Senate, so a big mahalo to both of them. Excuse me. Anything else to add, or any other questions, Members? Very good. So, at this time then, I'd like to request for...oops...I'd like to request for approval of Bill Number 100 (2023), Amending Fiscal Year '24 Budget: Appendix A, Part I, Department of Management.

COUNCILMEMBER PALTIN: So move.

COUNCILMEMBER LEE: Second.

CHAIR SUGIMURA: Thank you. Thank you. Moved by Member Paltin, and second by--I didn't hear. Was it Chair Lee?

COUNCILMEMBER LEE: Yes.

CHAIR SUGIMURA: Okay. Thank you. So, Member Paltin, second by Chair Lee. Any more discussions, Members?

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR SUGIMURA: Yes, Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. May I ask Staff why the motion was written that way, to approve and not recommend passage on first reading?

CHAIR SUGIMURA: Oh, I'm sorry. I recommend passage on first reading.

COUNCILMEMBER RAWLINS-FERNANDEZ: Does it say Council?

CHAIR SUGIMURA: That's my mistake. I recommend passage of first reading --

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COUNCILMEMBER RAWLINS-FERNANDEZ: Of Bill 1 --

CHAIR SUGIMURA: -- 100 (2023), and what I read off to you is the title of the bill.  
Stand corrected.

COUNCILMEMBER PALTIN: Friendly amendment.

CHAIR SUGIMURA: Do we have to redo the motion? No, right?

MR. KRUEGER: Chair, if the body...if it's understood that it's a motion to recommend  
passage of first reading of the bill with nonsubstantive revisions, and then  
the...and the motion and the...the motion maker and the seconder are...are okay  
with that --

CHAIR SUGIMURA: Are you guys --

MR. KRUEGER: -- then the body should be able to proceed.

CHAIR SUGIMURA: Are you okay, Member Palin and Chair Lee?

COUNCILMEMBER RAWLINS-FERNANDEZ: So, if you could just --

COUNCILMEMBER LEE: I'm fine. I'm fine.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER LEE: I...I accept that --

COUNCILMEMBER RAWLINS-FERNANDEZ: Please state it. Please state it  
. . .(inaudible). . .

COUNCILMEMBER PALTIN: I accept that friendly amendment.

CHAIR SUGIMURA: Oh, everybody's talking.

COUNCILMEMBER RAWLINS-FERNANDEZ: Please state clearly for the record.

UNIDENTIFIED SPEAKER: Can we? I don't know.

COUNCILMEMBER RAWLINS-FERNANDEZ: Just can you please state it?

COUNCILMEMBER PALTIN: . . .(inaudible). . .I'm trying to pace myself here.  
. . .(laughing). . .

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CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: . . .*(laughing)*. . .

COUNCILMEMBER PALTIN: I'm sorry.

CHAIR SUGIMURA: Okay. So you want me to state the motion --

COUNCILMEMBER PALTIN: I got 400 pounds of candy.

CHAIR SUGIMURA: . . .*(laughing)*. . . It look like you're having fun over there. Members, so I'm going to just state the motion again. So, I recommend passage on first reading on Bill 100, entitled, "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2024 BUDGET with [sic] THE COUNTY OF MAUI: APPENDIX A, PART I, DEPARTMENT OF MANAGEMENT," incorporating any nonsubstantive changes and revisions, which is what James also read. So, any questions regarding that? Motion still made by Member Paltin, second by Chair Lee? Any discussion? All in favor, say "aye," raise your hand.

COUNCILMEMBERS: Aye.

CHAIR SUGIMURA: Okay. This will be eight "ayes," and Member Kama is excused.

<b>VOTE:</b>	<b>AYES:</b>	<b>Chair Sugimura, and Councilmembers Cook, Johnson, Lee, Paltin, Rawlins-Fernandez, Sinenci, and U'u-Hodgins.</b>
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	<b>NOES:</b>	<b>None.</b>
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	<b>ABSTAIN:</b>	<b>None.</b>
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	<b>ABSENT:</b>	<b>None.</b>
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	<b>EXC.:</b>	<b>Vice-Chair Kama.</b>
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**MOTION CARRIED.**

**ACTION:** Recommending **FIRST READING** of Bill 100 (2023) by C.R.

CHAIR SUGIMURA: Thank you very much for passing this. And thank you, Mr. Pacheco, for always being here from --

COUNCILMEMBER PALTIN: . . .*(inaudible)*. . .



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CHAIR SUGIMURA: -- the day that I've been elected. You always been the wizard with communications for MPD. So, thank you.

MR. PACHECO: Thank you, everybody, for the opportunity.

CHAIR SUGIMURA: Thank you. So awesome.

MR. NISHITA: Thank you, Members. Thank you, Chair.

**ITEM 39: RESOLUTION 23-218, AUTHORIZING THE TRANSFER  
OF AN UNENCUMBERED APPROPRIATION BALANCE  
WITHIN THE DEPARTMENT OF PLANNING, FISCAL  
YEAR 2024 BUDGET (RESOLUTION 23-218)**

CHAIR SUGIMURA: Thank you very much. Okay. So, next, I'm going to...it is now 10:19. I'm going to take up--you're both sitting there. I'm going to take up . . . *(laughing)* . . . a bill regarding--Bill number...which is Bill 39, Resolutions 23-18, Authorizing the Transfer of an Unencumbered Appropriation Balance Within the Department of Planning, Fiscal Year 2024 Budget. Is Ms. Aoki in the audience, or is she around?

MS. AOKI: Good morning. I'm here.

CHAIR SUGIMURA: Oh, you are? Oh, very good. Okay. So, Members, our second item that I'm taking up today is this resolution, which authorizes a transfer of \$13,397 within the Department of Planning. And we have with us today Planning Director Aoki, and Deputy...and Budget Director Zielinski, and Ms. Milner. And we can ask for opening comments from the Director of Planning, and then Director Zielinski. Director Aoki, please proceed.

MS. AOKI: Good morning, Chair. Good morning, Members. Happy Halloween. So, we're here --

CHAIR SUGIMURA: Yes.

MS. AOKI: -- before you this morning asking for approval to basically fund our--you had a resolution a couple of weeks ago. This is the same, similar situation, where we're...the timing of the State budget and our budget aren't quite aligning, so we need to add in this \$13,397 to cover the salary of one of our Sea Grant employees. And the money's just being moved from one thing...from one account to another, so there's no effect on our overall budget. And when we come in for the next fiscal budget, we'll be caught up and...and make sure that in...in Fiscal Year '25, we'll have the right amount.

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CHAIR SUGIMURA: Thank you. We understand that, right?

MS. AOKI: So, our apologies.

CHAIR SUGIMURA: Thank you. We understand that. So, any more comments, Director Zielinski or Ms. Milner? And then I'll do public testimony.

MS. ZIELINSKI: No, Chair. Just to say that it's just making a change from one program to another, but they're both B...B accounts.

CHAIR SUGIMURA: Okay. Thank you very much. No other comments then? I'm going to open for public testimony. Do we have anybody signed up?

MS. APO TAKAYAMA: Chair, there's currently no one signed up to testify. If there are any individuals wishing to testify at this time, please unmute yourself or come down to the podium in the Chamber. I'll do a last call for testimony...three, two, one. Chair, seeing no other individuals wishing to testify at this time.

CHAIR SUGIMURA: Thank you. So, at this time, I'm going to close public testimony on BFED-39, Resolution 23-218, and accept any written testimony, Members, with your approval. Thank you. Thumbs up.

COUNCILMEMBERS: No objection.

**. . .CLOSE OF PUBLIC TESTIMONY (BFED-39) . . .**

CHAIR SUGIMURA: Thank you. Thank you very much. All right. Anybody have any questions for our resource people? Chair Lee.

COUNCILMEMBER LEE: Yes. For Director Aoki, since you mentioned the Happy Halloween, are you a character is that your regular clothes?

CHAIR SUGIMURA: . . .*(laughing)*. . .

MS. AOKI: I am Harry Potter, and I have a magic wand.

COUNCILMEMBER LEE: Oh, okay. All right. I was trying to figure it out. Thank you very much.

MS. AOKI: I have my...my...my mark up here somewhere.

CHAIR SUGIMURA: Wow.

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COUNCILMEMBER LEE: Okay. Thank you. Good job. Good job.

MS. AOKI: Thank you. Thanks. . . .*(laughing)*. . .

CHAIR SUGIMURA: Okay. I guess that's relevant testimony...a relevant question for the resource. Anybody else have any questions regarding this? I think we're all pretty familiar with the good work of the University of Hawai'i.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair? Chair.

CHAIR SUGIMURA: Oh, I'm sorry. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. I was trying --

CHAIR SUGIMURA: Oh, there we go. That's where that is.

COUNCILMEMBER JOHNSON: -- to motion you to Member Rawlins-Fernandez . . .*(inaudible)*. . .

CHAIR SUGIMURA: Okay. I can't see...

COUNCILMEMBER JOHNSON: I've been struggling with that as well, so...

CHAIR SUGIMURA: I can't see Member Rawlins-Fernandez on my...

COUNCILMEMBER JOHNSON: I usually look at the big camera...or big TV, and that usually has all of us. But I don't know, I'm not in the Chambers.

CHAIR SUGIMURA: . . .*(laughing)*. . . I'm going to have to do that. Okay. Member Rawlins-Fernandez, your question.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. What was the overall cost--or the...the grant amount --

CHAIR SUGIMURA: Ms. Zielinski?

COUNCILMEMBER RAWLINS-FERNANDEZ: -- to cover the shortfall...your total amount?

MS. ZIELINSKI: We're checking.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay. Okay.

MS. MILNER: So, the total amount after the amendment will be \$117,593.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Thank you, Ms. Milner.

CHAIR SUGIMURA: It's so good to see.

COUNCILMEMBER RAWLINS-FERNANDEZ: I...I...I recognized your costume, Director Aoki. Good job on the costume. . . .*(inaudible)*. . . the magic happen for us today.

CHAIR SUGIMURA: Okay.

MS. AOKI: All good things happening today.

CHAIR SUGIMURA: Very good. That's good. Okay. You folks have any questions regarding this? Okay. Members, I see no hands, so at this time, I would like to entertain a motion to...to recommend adoption of Resolution 23-218, entitled "AUTHORIZING THE TRANSFER OF AN UNENCUMBERED APPROPRIATION BALANCE WITHIN THE DEPARTMENT OF PLANNING, FISCAL YEAR 2024 BUDGET," incorporating any nonsubstantive revisions. Thank you.

COUNCILMEMBER PALTIN: So move.

COUNCILMEMBER LEE: Second.

CHAIR SUGIMURA: So, motion by Member U'u-Hodgins [*sic*], seconded by Member Cook [*sic*]. Any other discussion, Members? Seeing none. All in favor, raise your hand, say "aye." Aye. So, I think --

COUNCILMEMBERS: Aye.

CHAIR SUGIMURA: -- I think the only person excused then would be Member Kama. So, that's eight "ayes," and one excused. Thank you very much.

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**VOTE:**        **AYES:**        **Chair Sugimura, and Councilmembers Cook, Johnson, Lee, Paltin, Rawlins-Fernandez, Sinenci, and U‘u-Hodgins.**

**NOES:**        **None.**

**ABSTAIN:**    **None.**

**ABSENT:**     **None.**

**EXC.:**        **Vice-Chair Kama.**

**MOTION CARRIED.**

**ACTION:**     Recommending **ADOPTION** of Resolution 23-218 by C.R.

**ITEM 40:**        **BILL 96 (2023), AMENDING FISCAL YEAR 2024 BUDGET: OFFICE OF THE MAYOR (ECONOMIC DEVELOPMENT PROGRAM, WAILUKU AND WEST MAUI ECONOMIC DEVELOPMENT, ENVIRONMENTAL AND CULTURAL PROGRAMS) (BILL 96 (2023))**

CHAIR SUGIMURA: Okay. Can we just go forward then and then do real property tax after recess? I think we're going to do that since you're sitting there, Ms. Zielinski and Ms. Milner. Now, we have Luana Mahi's item. I'm not too sure if she would be available because I think she wasn't...she would be? Okay. So, the last item we're going to take before we take our recess is BFED-40, Bill 96 (2023), Amending Fiscal Year '24 Budget: Office of the Mayor (Economic Development Program, Wailuku and the West Maui Economic Development, Environmental, and Cultural Programs). Excuse me. Would you like to give some opening comments, Ms. Mahi, are you on the phone? If not, we can hear from Director Zielinski.

MR. KRUEGER: Chair, it appears Director Mahi is connected to the meeting, but she...she might be unavailable right now.

CHAIR SUGIMURA: Oh, okay. Okay. Would you like to okay...

MS. ZIELINSKI: Thank you, Chair.

CHAIR SUGIMURA: ...Budget Director.

MS. ZIELINSKI: Yeah. Basically, this is a...it's a...it's a name change, if you will. So, it's changing the...updating, I should say, the fiscal sponsor for ReTree Hawai'i

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from Lōkahi Pacific to Nā Koa Manu Conservation. That's what the...that's what the budget amendment is.

CHAIR SUGIMURA: Okay. Yeah, it's just a name change.

MS. ZIELINSKI: Yeah. Thank you.

CHAIR SUGIMURA: And it's for the two...two areas, right? That was mentioned.

MS. ZIELINSKI: Yes.

CHAIR SUGIMURA: So, it would be for Wailuku as well as for West Maui economic development and environmental cultural programs. Anybody have questions, Members?

MR. KRUEGER: Chair?

CHAIR SUGIMURA: Oh, wait. Wrong. We have to do public testimony. Yeah. Okay. Open for public testimony, and then we can do Member questions. I see none. Okay. So, at this time then, I'm going to call for last testifiers.

MS. APO TAKAYAMA: Chair, Staff has not received any further request for testimony. I'll do a last call for individuals wishing to testify on this item...three, two, one. Chair, seeing no other individuals wishing to testify.

**. . .CLOSE OF PUBLIC TESTIMONY (BFED-40) . . .**

CHAIR SUGIMURA: Thank you. So, at this time then, I'm going to close public testimony, receive any written testimony. This seems like a...a pretty easy explanation for why we're doing this, and we appreciate you being here. So, at this time, Members, no questions? Do I see any questions? Okay. Seeing none. So, at this time then, I'm going to ask for passage on first reading, Bill 96 (2023), entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR '24 [sic] BUDGET FOR THE COUNTY OF MAUI: OFFICE OF THE MAYOR (ECONOMIC DEVELOPMENT PROGRAM, WAILUKU AND WEST MAUI ECONOMIC DEVELOPMENT, ENVIRONMENTAL, AND CULTURAL PROGRAMS)," incorporating any nonsubstantive revisions. Motion?

COUNCILMEMBER PALTIN: So move.

COUNCILMEMBER LEE: Second.

COUNCILMEMBER U'U-HODGINS: Second.

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CHAIR SUGIMURA: Okay. So, who made the motion? I didn't--is it...Member Paltin made the motion, and second by Member U'u-Hodgins. Any discussion, Members? Seeing none. All in favor, raise your hand, say "aye."

COUNCILMEMBERS: Aye.

CHAIR SUGIMURA: Thank you. Eight ayes. One excused, Member Kama. Motion carries. Thank you very much.

**VOTE:**        **AYES:**        **Chair Sugimura, and Councilmembers Cook, Johnson, Lee, Paltin, Rawlins-Fernandez, Sinenci, and U'u-Hodgins.**

**NOES:**        **None.**

**ABSTAIN:**        **None.**

**ABSENT:**        **None.**

**EXC.:**        **Vice-Chair Kama.**

**MOTION CARRIED.**

**ACTION:**        Recommending **FIRST READING** of Bill 96 (2023) by C.R.

CHAIR SUGIMURA: And I'm going to call a recess for ten minutes. So, 10:35. . . .(gavel). . .

                 RECESS:        10:29 a.m.  
                 RECONVENE:        10:57 a.m.

CHAIR SUGIMURA: . . .(gavel). . . Welcome back to the Budget, Finance, Economic Development Committee. It is now 10:57. Members, welcome back, and thank you for the little long recess. We're having some challenges of how to get all of you on my...on my computer screen. So, we got it solved. Thank you, Eric. All right. Members, so now we're going to--yeah, clap. Now I don't have to see if I can see you that are not in the Chamber.

**ITEM 35:**        **REAL PROPERTY TAX EXEMPTION FOR PROPERTIES IMPACTED BY NATURAL DISASTERS OR WILDFIRES (BILL 91 (2023), BILL 95 (2023), BILL 102 (2023))**

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CHAIR SUGIMURA: Members, so now we have the big bill that we have consolidated into BFED-35, Real Property Tax Exemptions for Properties Impacted by Natural Disasters or Wildfires. And this is the item which consists of three proposals all put into one, which is Bill 91, 95, and 102, and--to provide real property tax relief to...to those affected by the August 23rd [sic] Maui wildfires. And I'm going to start off by asking Department of Finance, we have Scott Teruya and Marcy...Marcy Martin, to provide opening comments on each proposal. Director Teruya, can you tell us how we got here?

COUNCILMEMBER PALTIN: Oh.

CHAIR SUGIMURA: Give us a little bit of history, how we got here?

COUNCILMEMBER PALTIN: Chair?

CHAIR SUGIMURA: Yes. Member Paltin.

COUNCILMEMBER PALTIN: If they're giving opening comments on each proposal, I had worked on a couple ASF for my proposal. So, I don't know if they can add their comments about what the ASF is as well.

CHAIR SUGIMURA: They...they haven't seen it. So, what are you...you're asking for them to look at your proposal?

COUNCILMEMBER PALTIN: Well, I can...I can tell you what ASF is, and it can be distributed if you allow it, but it's basically, you know, saying kind of...similar kind of things. Like, if they sell their property, then the exemptions doesn't transfer on; that the rent should be at an affordable rate to get that incentive; and --

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: -- those types of things based on feedback that we heard.

CHAIR SUGIMURA: Okay. So, Members, I'm going to have--maybe for opening comments, I'm going to tell you then, based upon what you just said, what I propose to do, and how to get us to the next steps. So, I wanted the Director to talk about how the Mayor declared his tax relief after the disaster...after the August 8th wildfire, and then give us in Code what he...you know, what he shared, and what he knows that the Code allows, as well as what the emergency proclamation did, and then talk about this. But Member Paltin, what I plan to do today is, I'm going to ask each of you who had bills to talk about your proposal, and the Members to come up with--and that's where your ASFs, you're already talking about, you know, next steps forward--the ASFs or whatever amendments you may want based upon the testimony that we heard, or based upon, you know,



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what you want to see with--the actual what's happening out there in the community, right? I think you and I see it pretty closely. And we hear from people...all of us hear from the constituents out there, as well as the testifiers. And we hear you loud and clear. And that because I think that Administration and we are on similar grounds, that I'm going to ask the Department to come back with a proposal based upon what's in Code, and what we're...what they are hearing from you to come up with a proposal back to us. And that proposal will be on November the 16th, which will give the Department of Finance enough time to work with us, our comments, as well as OCS, to come up with a...a proposed amendment...I mean a proposed bill, which will allow us to pass this by December the 15th for second and final reading. So, the timeline that I'm working towards is asking Finance to come up with...with a bill based upon what you would like to propose in it, November 16th, and then we'll take it up--that's going to be my BFED Committee--and posting for us to get this bill passed by the end of the year. Posting will be November 24th, and then first reading, Chair Lee, is going to be December 1st, and second and final reading would be December the 15th. So, that's the time schedule that I'm trying to take us to. And I think that because all the bills have important elements that you saw, I would like to bring that, all the comments...your comments and the bills today to talk about it, and have Director and Marcy Martin come up...come up with a bill working with OCS. Anybody have questions? Seeing none. Hey, I can see all of you on the screen here. This is great. Thank you, Eric. So at this time then, I'm going to open up for...for the resources to speak, then I'm going to do public testimony, and then we'll go around and all the Members can have four minutes each to make comments or ask questions. Director.

MR. TERUYA: Aloha. Good morning, Chair and Members. Scott Teruya, Finance Director. First of all, appreciate the three bills as proposed. We really only had two or three days, really, to digest the bills, and I believe there's a lot of questions that we have that is kind of left unanswered. And I think it would be better if the Department takes a stab at all three bills and the Member's intent of what they would like to see, and allow us to attempt to craft the Code that will work for both you, the taxpayers, those affected, and Administration all in one. I don't think we're very far off. Currently, the Code 3.48.230 in regards to damage and destruction by disaster, already allows the authorities to waive destroyed and partially destroyed properties, and therefore, the Mayor had expressed his concern in this, and that he made a statement to waiver property taxes. That statement, although it was not in writing, I did write what his intent was, and wrote his intent down on paper for his approval. I have a letter dated October 10th, 2023 to the Mayor for his concurrence of what his responses were, and he has signed, approved, dated October 12th, 2023. And I can give this to the Committee if she should choose to have it. So, I will present that to the Chair or Committee.

CHAIR SUGIMURA: Thank you. So, we can put that in Granicus so the public can have

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that information too. Can we copy so the Members could have it now? Thank you. Thank you, Yvette.

MR. TERUYA: So, if I may continue, Chair. So, I...I believe a...a lot of comments that I've heard both from testifiers, as well as the Members' proposed bills, I think we are...are...are quite aligned, to be honest with you. I think there's a lot of things that we can maybe clarify as far as things that you're trying to do that can already be incorporated into the existing ordinance by adding maybe a section or two, including the long-term rental Code where I believe you guys have some tweaks that you guys would like to see, and I think we can incorporate those things in there. I don't think we're very far off. So, I think if you guys gave us an opportunity for a week to at least try to incorporate some...some language, as well as give the Department an opportunity to not get flooded in some paperwork that will definitely bog us down. I believe even for the...the exemption issues for homeowners, I think a lot of these people will return as homeowners. But if we have the bill the way some things read, and it expire, and you terminate their exemption and then you've got to put it back on, you just gave them 8,000 more things to do. So, I think with that, I'll defer to Marcy Martin for any granular comments that she has, but I think we definitely can incorporate them into a smoother bill that will work for everybody. Thank you, Chair.

CHAIR SUGIMURA: Thank you. Ms. Martin?

MS. MARTIN: Thank you, Chair. I concur with Director Teruya. You know, we have spoken to the public, we've heard our own concerns, and we are willing to work together with all of you to propose solutions. Thank you.

CHAIR SUGIMURA: Thank you. So, at this time, do we have any testifiers? We have one testifier?

**. . .BEGIN PUBLIC TESTIMONY. . .**

MR. LAW: The Hawaiian word for--oh, Jacee Law, Kula Uka. The Hawaiian word for the day, and it comes from the Pukui/Elbert Dictionary, is au hau, A-U, H-A-U. It means tax assessment, levy charge, tariff toll, tribute, price, to levy a tax, or to pay tribute. And...yeah. I'd like to thank Mr. Teruya and his Staff for sticking with the County and working hard for them in this...these terrible times. I know it's like you...you probably catch a lot of the...the grief. And so, I won't even bother to ask you about the...the--how much taxes we're not getting from the church properties or religious exemptions. But...yeah. I just wanted to say once again that I hear a lot of people, they're crying that they don't even have a house anymore, and their houses are burned down, and all this other stuff, so I can understand why they...they wouldn't want to pay taxes on it. But some--the churches in my neighborhood, they're not burned down. They got nice land up there, they could probably host a couple of families. And I'm just waiting for

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someone to come up there and open the gates, let them in. So, if anybody's out there listening, I'm praying, and I know Jesus is listening all the time.

CHAIR SUGIMURA: Okay. Any questions for Mr. Law?

MR. LAW: And I reserve the rest of my time for the Hawaiians.

CHAIR SUGIMURA: Thank you. No questions. Any more testifiers?

MS. APO TAKAYAMA: Chair, Staff has not received any further requests for testimony. I'll do a last call for individuals wishing to testify at this time...three, two, one. Chair, seeing no other individuals wishing to testify.

CHAIR SUGIMURA: Thank you. So, if you allow me to close public testimony on this item and receive written testimony. Thank you, Members.

**. . .CLOSED PUBLIC TESTIMONY (BFED-35) . . .**

CHAIR SUGIMURA: Okay. So, now we're getting down to the meat of things, right? We've all been waiting. We have Mr. Williams on call, if you're still there. Are you still there, Mr. Williams, for resource?

MR. WILLIAMS: Yes, I'm here.

CHAIR SUGIMURA: Oh, okay. Very good. So, thank you very much for being with us, and for your...for your written testimony also. So, Members, any...anybody have any questions for the resource people? Chair Lee.

COUNCILMEMBER LEE: The resource or the Departments?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER LEE: Okay. I have a question for Director Teruya. Good morning, Director Teruya and Ms. Martin. I like your costumes. Very good. The . . .*(laughing)*. . . Okay. First of all, whatever version we come up with in terms of tax relief for those who have damaged or uninhabitable...uninhabitable properties, do we need to identify--because we're going to be losing revenue. Do we need to identify other sources of revenue and/or a deletion of certain expenses in the budget in order to maintain a balanced budget? Mr. Teruya.

CHAIR SUGIMURA: Mr. Teruya.

MR. TERUYA: Chair. Thank you, Chair. And Chair Lee, thank you very much for that question because that is the number one question I have as well. For certain, we

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either going to have to look for new un...new sources of revenue or we're going to have to amend our budget. Right now, as you know, the Mayor had proposed a 3 percent--or 5 percent cut across some of the Departments. That was one of the measures I had recommended as well to the Mayor because we knew we're going to have an anticipated shortfall due to the destruction. Next week, in fact, we have a call with the rating agencies in regards to what have we prepared to accommodate and...and to resolve some of these revenue shortfalls. So, that is one of the reasons why the recommendation from myself and the Budget Director went to the Mayor, is because we knew what the impacts will be. And we wanted to make sure that we have money in our budget to do the expenses that we need to do to run the County, so that was one of the recommendations. To date--I'll...I'll just put this roughly for the record--we have about \$11 million in revenue shortfall for those that were destroyed. There could be people who had their...their properties destroyed that still haven't reported them yet. By the Code 3.48.230, the residents whose properties were destroyed or damaged have until June 30th, 2024 to petition the Department, so that 11 million is just the tip. It could go a lot more. We are here to--Administration is about to prepare a press release in regards to this, but the Department hasn't even gotten the information we need to identify properties that were partially destroyed as well. I believe Ms. Martin just indicated to me that we're waiting, possibly next week at the earliest, to receive this information. So, like, we want to move forward. We cannot move forward until we get the information that helps us to assist in identifying the revenue shortfall. So, Ms. Martin, any other comments?

MS. MARTIN: Chair. We anticipate getting the information on the buildings that are still standing, but not completely destroyed, on their condition. And those would be likely the applicants that we would have under 3.48.230, which would further reduce our revenues for this fiscal year.

COUNCILMEMBER LEE: Okay. What was your estimated shortfall when you passed...when the Mayor proclamation waived the fees on August 16th? That's quite a while ago. What was your basis, if you haven't do an assessment of the...the valuations of all the properties?

MR. TERUYA: Chair, if I may. In the first week . . .*(timer sounds)*. . . or the first few days, we took the entire area of Lāhainā and portions of Upcountry and just did a very wide . . .*(timer sounds)*. . . swag at it, I guess. And that number came out to \$20 million. And that is the reason why I had done a memo to the Mayor to release \$20 million to the Emergency Fund, because that was our initial assessment. We are still unclear as to what is that total net, but that was the initial reaction. Thank you, Chair.

COUNCILMEMBER LEE: Thank you. Thank you, Chair.

CHAIR SUGIMURA: Good question. Top of mind, always. Next--I'm going to go down

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the line, and I have Member Sinenci, then I'll go to Ms. Nohe U'u-Hodgins, Tom Cook, then go to Keani Rawlins Fernandez, Gabe Johnson, and Tamara Paltin, and that's it. Okay. So, next, we have Member Sinenci.

COUNCILMEMBER SINENCI: Mahalo, Chair, and mahalo, Director. I know in one of your first question on Bill 91 was, who determines what property is uninhabitable. So, would it be--are you open to having private home inspectors make that determination?

CHAIR SUGIMURA: Director.

MR. TERUYA: Chair. That's a really good question because we don't want to get bogged down in more paperwork. I...I saw one of the proposed bills to have them submit insurance claims. I...I just fear for the Department to receive like 6,000 mail...pieces of mail. It would just bog down Staff, but I'll defer to Ms. Martin. I think she...she could handle more of the day-to-day of what would be best for them. Thank you, Chair.

MS. MARTIN: Chair, thank you. I think the Division and the Department, in crafting tax relief, we really need to be clear on what is meant by uninhabitable. And I am referring to the GIS maps on the Maui Recovers website. For example, they have the reentry maps where, you know, they're coded red, yellow, green. You know, are you talking about the properties that are coded red and yellow, or are you talking about the properties that the Public Works has issued the permits, which again are green, red and yellow? You know, it really needs to be defined in...in a global way, in an efficient way. And what is your intent? Are you talking about homes that are still standing but they can't get access, are you talking about homes that don't have utilities? So, there's a...a wide net we can cast. So, I think being specific and on this body, really identifying properties that they want to provide tax relief would help us in crafting the legislation. Thank you.

COUNCILMEMBER SINENCI: Thank you for that. And then one of the testifiers brought up nonconforming properties. Do you know how many properties on the West Side have this designation, not destroyed by the fire?

MS. MARTIN: Not offhand, no. We don't have that information. However, given the age of the community, that wouldn't surprise me that there are nonconforming properties.

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair.

CHAIR SUGIMURA: Very good. Next, we have Member U'u-Hodgins.

COUNCILMEMBER U'U-HODGINS: Thank you, Chair, and thank you guys for being with us today. For right now, I have no questions. I just look forward to seeing

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what they provide to us, and then happy to work going from there. Thank you.

CHAIR SUGIMURA: Oh, very good. Okay. Thank you. Member Cook.

COUNCILMEMBER COOK: Yes. Thank you, Chair. A question for the Director. The \$11 million loss revenue, was that residential and commercial...was basically just tax-based?

MR. TERUYA: Let me...let me just briefly talk. Marcy Martin has the actual statistics, but I...I can tell you that the \$11 million is in total. I also would--be easier for just to be clear, as we refunded people who did pay already. So, we did refund, I want to say, about 1,700 people with about \$4 million. And the difference is people who just didn't make payment because they were exempt. But I'll...I'll defer to Marcy on the numbers. Thank you.

MS. MARTIN: Okay. Thank you, Chair. So, the...the waivers had a multitude of classes, including nonowner-occupied, apartment, commercial, industrial, agriculture, hotel and resort, owner-occupied, commercialized, residential, TVR, STRH, and long-term rental. So, it was about 2,100 parcels.

COUNCILMEMBER COOK: Thank you. And also, thank you for your work. That's...you just really clarified how deep and complex the variety of properties, and rates, and whatnot are. One of the testifiers commented about the use-it-or-lose-it aspect of planning--actually, I have two full questions. One is with--has to do it with the transient vacation rentals. If they take it out of that classification for a period of time and put it in the long-term rentals, just being aware of the fact that they shouldn't be penalized for it. The other aspect that I'm curious about is property valuations, where the Planning Department with that is still pending, the sea level rise determination, which is going to change the setback, which I assumed would change the property valuation; is that accurate?

MR. TERUYA: Chair. Thank you for that question. I mean to be honest, assessments are not science. I mean...I mean, it's kind of just based on what the market tells you. Yeah. I would assume that as your property gets...your buildable area gets smaller, it will lessen the value, but I'm pretty sure per square foot, it'll be higher. So, it really depends on what the market tells you. That will dictate whether or not values go up or down. We're...we're...we just follow...follow the trends. So, we don't make it up. It's whatever statistics you have, you do a regression and you come up with valuations. So, the market will bear whether values go up or down, but I'm...I would say off the top of my head, I would say, of course. If it--your setbacks go shorter, you definitely--your values, I would assume, to go down.

COUNCILMEMBER COOK: Thank you, Chair. So, the reason I'm...I'm just curious. It's--we, the County, is in a challenging situation in that it may be two to three

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years until there is a market at all for a lot of the properties, both commercial and residential of all varieties. So, I...I don't expect you to have a crisp answer. I'm just pointing out that I think that's one of the variables that somehow we're going to have to manage.

MR. TERUYA: Chair. Just a quick response to that. The...the Code allows for us to do an annual evaluation of January of 1. I...I think, be careful in...in creating legislation that will be until this year or until that year. The Code already allows for us to establish valuation on an annual basis. And the Council, this body, has the opportunity to do tax rates and the other end of it to multiply into a tax bill. So, I think there is still time. You guys still have the Code. You guys have all the tools available for us to make whatever it is that we want to do in the end possible. So, I think, don't . . . *(timer sounds)*. . . do not rush into getting into an answer right now.

COUNCILMEMBER COOK: Thank you. That answers my question quite well. Thank you very much.

CHAIR SUGIMURA: Thank you, Member Cook. Member Johnson?

COUNCILMEMBER JOHNSON: Thank you, Chair. Good morning, Director, Ms. Martin. So, I'll just jump into my questions. First off, in...in your opening remarks, you said it's the Department's preference to table these bills for about a week, and then you guys will come up with maybe like a...a...a bill that you guys can actually work on in action and that will help see our vision, but also something that you can actually administer; is that correct?

MR. TERUYA: That is correct.

COUNCILMEMBER JOHNSON: Okay. Thanks for that clarification. So, the--I'm just going to keep going down the question if I get my answer, because I'm short on time. Sorry, Director Teruya. 5 percent cut against certain Departments, the Mayor requested. Do you know that--which Departments were cut?

MR. TERUYA: Chair. I...I do not know that particularly. I only responded for the Finance Department, but I believe the Mayor had made a statement that he is...they are not to cut 911 services, Fire, Police and EMS. I know that for sure.

COUNCILMEMBER JOHNSON: All right.

MR. TERUYA: But I can't --

COUNCILMEMBER JOHNSON: But is your Department --

MR. TERUYA: I can't speak to the other Departments.

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COUNCILMEMBER JOHNSON: Is your Department getting a 5 percent cut?

MR. TERUYA: We had recommended a 5 percent cut for the Finance Department.

COUNCILMEMBER JOHNSON: How will that affect you in the...in this upcoming--you know, with...with these bills that we're talking about right now? Because it seems to me that you're talking about how you don't want 6,000 envelopes to come in, and you're also getting a 5 percent cut on your Department. How is that going to affect you guys?

MR. TERUYA: Chair. I...I think the Department of Finance, we...we are flexible in the sense that we have a lot of vacancies. I think that is number one. So, the vacancies will...the hiring process may be delayed. Definitely, we prioritize what vacancies we want to get out sooner than others, but the Department is prepared to adjust accordingly.

COUNCILMEMBER JOHNSON: So, thank you for that answer. I'm just going to keep moving on. \$20 million was...was asked from the Emergency Fund. How much is left in that?

MR. TERUYA: Oh, Chair. I would...I would be guessing at this point. The last thing I saw was about 11. I...I don't know. I don't have an updated number for you, so I can get that back to the Committee.

COUNCILMEMBER JOHNSON: Thank you. I...okay, if the Committee can take note of that. Thank you. How can you avoid the extra work, whether it's your bill, or our bills, or...because it seems to me--and I...I guess I kind of ask that in regards to that. Like, are you going to come back with a bill in a week that's going to make...make the burden on your Department less?

MR. TERUYA: I think the bill that we're going to craft puts everybody's wants and needs in perspective, and for us to be as efficient as possible so we don't bog down the Department.

COUNCILMEMBER JOHNSON: Okay. I understand that. Thank you, Director. Thank you, Chair. All my questions have been answered.

CHAIR SUGIMURA: Okay. Great. Next, we have Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Chair Lee was correct, you have great costumes. I know what you are. Finance Director and RPT Administrator, right?

CHAIR SUGIMURA: . . .*(laughing)*. . .



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COUNCILMEMBER RAWLINS-FERNANDEZ: . . .*(laughing)*. . .

CHAIR SUGIMURA: Good job.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, I'm...I'm...I'm with--yeah, you totally nailed it. Excellent job. I'm with Member U'u-Hodgins, I look forward to seeing your legislation. Just one question, because during...I think it was during testimony, I can't remember. It was sometime today during this meeting, there was some suggestions about establishing caps, and I was hoping that you could speak to any...share any comments that you have regarding, you know, capping the amount that we would tax the RPT.

MR. TERUYA: Thank you very much for that question. I usually try not to talk about caps because I don't like them at all. I have a lot of comments as to why caps are not good for the County. I think there's enough evidence out there in jurisdictions that establish caps. Both, it hurts bond rating, it hurts a lot of things, it hurts inequity...or equity. But I can...I would say the bad thing about caps, first of all, is values move at different rates, and you create larger inequity by capping. You hurt your ability to gain revenue when you need revenue. I...I could go on, and the list goes on. And I know Marcy Martin has a...a fear of caps as well. It just makes your tax policy a lot muddier. So, I'll...I'll defer to Marcy for more comments. Thank you.

MS. MARTIN: Thank you, Chair. My primary concern with caps is affordable housing and our lower-end housing. Over time, caps give preference to those who are already in, who already own, and the burden gets shifted to those people entering the market. So, we really need to be looking out for those who don't own homes, who want to be able to own homes. And our programs, such as the circuit breaker, the home exemption, our tiered rates...we have a lot of policy that I feel works better than caps, and including the long-term rental program. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Director and RPT Administrator. Mahalo, Chair.

CHAIR SUGIMURA: Very good. Next, we have Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you. I know this is Halloween and caps are scary, so thanks for dressing up and talking about them. I guess...so, my first question would be--or like, are we going to discuss what the priorities are, and who...how the tax breaks break? One of our resources said that, you know, we don't really need to do this until May. For the incentive portion, I feel like we should--I...I heard feedback, you know, that people don't think the folks that were compensated through Red Cross should get any kind of tax waiver or exemption. But I do think folks that took people in for free

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should...should get, like, you know, some sort of a break because that's the type of thing that we want to incentivize, or encourage, or whatever. We don't need the Red Cross or FEMA to come in and say, like, please be a human and help people out, you know? So, I think I would like to be able to give the people that took folks in and didn't take compensation some sort of relief, would be one priority. Another priority would be that, you know, homeowners don't use...don't lose their homeowner exemption if they are able to return to their property, but they're not able to live there now, but they still--you know, this is a situation. The other one, you know, it seems fair to me that if they don't have sewer, they don't have water, and they...and/or they don't have access to their property, that they'd be given an exemption. Even if they are able to live on their property and they don't have sewer or water, that's such a huge burden...burden, you know? Like, I know one guy that was filling up tubbies for the whole entire subdivision that didn't have water that they could bathe in, and stuff like that. So, that's a huge financial burden in terms of gas to get the water and stuff like that, that I don't think we should be further burdening them. On the incentives of people that will utilize their property for long-term rentals, I do think it needs to be clarified that it's not, like, two weeks at a time, or a month at a time. Like, my preference would be one year, but I did hear some six months. And that if they are charging rent, that it needs to be an affordable rent. I was able to look up online by county HUD fair market values for rent. It...for West Maui, those seem like really reasonable. And I did hear that, you know, some HOAs and like that, expenses are up...up there. So, I mean, I think I would be going...I'd be willing to go up to like 140 percent of HUD fair market value, or something along those lines. I don't know if that needs to be a bigger discussion. In terms of...I...I was wondering, for the real property, if you can comment at all. I understand if the properties were completely destroyed, regardless of the tax classification, a waiver was given, but if the properties are not completely destroyed, does it matter to you folks? Like, what's your input on the tax classification, whether it's a hotel, short-term rental, nonowner-occupied, owner-occupied? I'd love to hear you guys' feedback on that.

MR. TERUYA: Chair. Thank you for that question. And first of all, everything that you commented on, I agree 100 percent. Every...every item. I think...not speaking for the Mayor, but knowing his intent, I think the Mayor agrees as well. As to your question about partially destroyed properties, classification is classification, but valuation is another. And I believe the existing Code already speaks to partially destroyed . . . *(timer sounds)* . . . in that it would be partially waived in taxes. That's how the Code reads right now. So, I...I don't think that there needs to be amendment there. But if this Committee feels that it should be totally waived, I...I...I agree to the intent of affected where you can't even go there, you don't have water, sewer, I think the intent is to waive that as well. But I think when the Mayor made his comments, and the reason why I had to recommend it to him that it only be totally destroyed, is because it took the Department a long time to just do that. We did do...today is the deadline for us to get the refunds

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out, and I believe we did mail it out yesterday. But it took the Department--I just want to tell you, the account section, payroll, all those guys, a lot of work done in Finance, both from Treasury, Real Property, and Accounts. It took us that long just to do the destroyed. Partially destroyed, affected, that's going to take a long time too. So, the reason why we did it that way was we knew the amount of work it's going to already take. So, we still have a lot of work ahead of us. Thank you, Chair.

COUNCILMEMBER PALTIN: Thank you. I heard my bell. I'll yield. I'll follow the rules.

CHAIR SUGIMURA: . . .*(laughing)*. . . Very good. All right. So, Chair Lee, you have another round of questions? We can make it three minutes. Oh, can't hear you.

COUNCILMEMBER LEE: Can you come back to me?

CHAIR SUGIMURA: Oh.

COUNCILMEMBER LEE: I'll...I'll go last this...this time.

CHAIR SUGIMURA: Oh, okay. Okay. Member Sinenci, and then we'll go Member U'u-Hodgins, and Member Cook.

COUNCILMEMBER SINENCI: Mahalo, Chair. And if Mr. Williams is still on, I just had a clarifying question for him.

CHAIR SUGIMURA: Mr. Williams? There he is.

MR. WILLIAMS: Yes. I'm...I'm here.

COUNCILMEMBER SINENCI: Thank you. Mr. Williams, I know you mentioned about waiting until March and April for the RP...RPAD to...to come up with those either destroyed homes or...or some other--a new numbers, but what about--and the...the Director did say that they already reimbursed people that paid their first installment. Not sure if he's going to waive the second installment, but did you want to speak to your comment about the RPAD...RPA *[sic]*?

MR. WILLIAMS: Yes. Thank you. The...the first thing I want to reemphasize is that I believe all of these changes you're debating to how to define which properties are going to get tax relief and for how long, you do not need to decide them now, or even this year. You can wait and do it in April and May in the budget process next year, and...and you're not losing any power to give these same tax breaks then that you're talking about now. So, I would urge you to sort of put all that aside, and turn to work on those amendments to the Code you need to make to give relief immediately to the property owners that are housing sheltered people. If you want to give them a special exemption, you could even create a new

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property class for them. But you need to do all that this year. Mr. Croly said that the December 31st deadline for any new qualifications to be met is unworkable. And I don't know, that's a question for your Real Property Assessment Division people. Can they...could they deal it if the deadline was January 31st instead of December 31st? I don't know, maybe they could. But again, all of the--even if you want to give extra exemptions to some of these properties, increase it beyond the current exemptions for long-term rental or...or homeowner-occupied, you can do that next April and May too. You don't need to deal with all this now, and you don't need to put pressure on the Department to come up with recommendations now on all this because it can all happen in April and May. So, I guess that's my...the main point I want to emphasize again.

COUNCILMEMBER SINENCI: Okay. Thank you, Mr. Williams. And then we've--I understand that West Maui brought in revenues upwards, you know, several billion dollars. And there's a lot of people around the world who support, you know, rebuilding. How feasible is the County selling bonds that people can--you know, to...to help pay for the infrastructure?

MR. WILLIAMS: Well, first of all, interest rates right now are the highest they've been in 20 years, so it's not . . . *(timer sounds)*. . . the ideal time for the...for the County to be selling bonds. That may change in the next six or eight months, in time for you to urge bond selling still in next year's budget process, again, in April and May. You know, the...I mean, again, I...I really urge you not to...not to rush into any of these decisions now. You can...you...you've got the time to wait, and you'll have much more information about the value. You may find out that some of these lots, even though you can't build on them for two or three years, they might still be worth \$2 million, you know, on the market if somebody wants to sell or buy, and...and you'll have...you'll have that information in April and May. You don't have that now.

COUNCILMEMBER SINENCI: Okay. Thank you, Mr. Williams. That was my timer. Thank you, Chair.

CHAIR SUGIMURA: Thank you, Mr. Sinenci. So, next, we have Member Nohe U'u-Hodgins. You have...you have no questions? Okay. Member Cook.

COUNCILMEMBER COOK: Thank you. Director, my question is...so, \$4 million has been put in the mail and refunded to property owners?

MR. TERUYA: Chair.

CHAIR SUGIMURA: Yes.

MR. TERUYA: Yes. Thank you for that question. As I mentioned, the 11 million was the destroyed amount, but \$4 million in payments were made on the first half,

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and therefore, with this authorization to waive it, we did refund it.

COUNCILMEMBER COOK: That is wonderful news. That's money that is...went to the people who really need it. And I think that the Administration and the County...that...that's good for people to know. I didn't know that. That's very, very important news. Thank you for doing that, and thank you for letting us be able to let the community know that. Thank you . . .*(inaudible)* . . .

CHAIR SUGIMURA: Thank you. Next, we have Member Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: No additional questions, Chair. Thank you.

CHAIR SUGIMURA: Thank you. Next, we have Member Johnson.

COUNCILMEMBER JOHNSON: Thank you, Chair. This...Director Teruya, if we...I guess I want to ask about timeline. Can the vendor...the software vendor comply with these...these...with these bills? Would that kind of put any burden on...on your software vendor? In the proposal that you would come back to this body, are you taking that into account?

MR. TERUYA: Chair. Thank you for that question. That's always a good question to ask before we get to anything. But in...in my experience, and I'll defer to Ms. Martin for more granular details, I believe we can do it. As far as the...the comments made by Mr. Williams, I believe he is correct. However, there are portions of the bill that we feel that we would like to get amended now for things that require application for before the end of the calendar year. So, such things like long-term rental dedications, et cetera, are timing-sensitive...time-sensitive, and those are the things that we would prioritize getting to you on the 16th. Thank you, Chair. Oh, I'll defer to Ms. Martin if she has any comments.

MS. MARTIN: Chair, thank you. Yes, thank you for that question. Our goal would be to not require any software modifications, given the urgency of these measures. Thank you.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER JOHNSON: Okay. So, basically, ideally--it's October 31st. This matter should be ideally settled before November 31st, or if that's the date. By...by the end of the next month, right?

MR. TERUYA: Chair. That is the goal of that--what I heard, to get it passed before the--I guess the last meeting would be somewhere in the mid-December area. But like I --

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COUNCILMEMBER JOHNSON: Okay.

MR. TERUYA: What I'd mentioned to the Chair is, I...I think if we come to a proposal for you guys on the November 16th agenda, for those who need to file before the end of the calendar year, they'll get a very good idea of whether or not they would qualify for these measures. So, they could get a head start in applying for these exemptions programs that we possibly offer. Thank you, Chair.

COUNCILMEMBER JOHNSON: Okay. Thank you, Chair. Thank you, Director. Mahalo.

CHAIR SUGIMURA: Thank you. Next, we have Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. So, us doing the work on these bills, do you think it's like a waste of time because you're...you guys are going to come in and propose what the Administration's proposal is?

MR. TERUYA: Chair.

CHAIR SUGIMURA: Yeah.

MR. TERUYA: Ms. Paltin, believe me, your bills were not a waste of time, it's just we didn't have an opportunity to comment. I think right now, all we're trying to do is digest the items that you guys feel are important, incorporating one...one smooth bill. So that...if you can provide that to us either in writing or somehow communicated that to myself and Ms. Martin, we will incorporate all of the things, your wishes, to the best of our ability for this Committee to review.

COUNCILMEMBER PALTIN: Okay. And then so if the Committee Staff would distribute the ASF to you folks so that...that was my initial tweaks that I had come up with. And so, in your bill that you're going to propose, it's going to address the folks that have opened up their places for free, and weren't compensated, to...to be reimbursed, and any kind of penalties waived as well --

MR. TERUYA: I think --

COUNCILMEMBER PALTIN: -- for that?

MR. TERUYA: -- Staff is very aware of the...the things that they see every day. So, we...we will craft it. Penalties and interest, all that kind of stuff, I...we're certain we're going to be waiving those at this time. So, we'll work the best that we can. Just provide us all of your information as soon as possible so we can consolidate all of the concerns and incorporate it into one bill.

COUNCILMEMBER PALTIN: Okay. Okay. And then I appreciate that you guys are

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collaborating all the information into one thing that works for you folks. I just was wondering, on...this will also...this work that we're doing right now will play into the rates, and fees, and everything that is being set in the upcoming Mayor's proposed budget as well, right?

MR. TERUYA: Chair. Yes. And...and the reason why...getting everything in earlier only makes it better for your certification numbers so that you guys can run based on the certification. Making...providing...even though we can do it in May, that's...that's already after certification. So, I think if we can get everything prior to the mail-outs to...to the...the taxpayers, that's always the best because then we'll rely on certified numbers. So, thank you, Chair.

CHAIR SUGIMURA: Okay. Good point. Good point.

COUNCILMEMBER PALTIN: And then...so, for me, through the bill that I need and the ASFs is relaying to you folks information that I received from taxpayers, constituents, and things like that. Are you guys doing any community outreach, or you're just expecting folks to contact you, and what we're doing to be the outreach that you receive?

MS. MARTIN: Thank you for that question. And community outreach is going to be your biggest issue because we are at the end of the year, and how will we get, you know, the message out to those that are renting long-term? So, yes, that is going to be a huge challenge.

MR. TERUYA: And Chair, if I may add, the...the Mayor does have community meetings at the various districts. Ms. Martin, as well Jack Kulp, the Treasurer, have been attending both of those, so they are getting the questions as well, at the community hearings.

CHAIR SUGIMURA: Good point.

COUNCILMEMBER PALTIN: Okay. So then we got a lot of testimony from Lāhainā Shores, Lāhainā Roads, and Puamana. I think Lāhainā Shores and Lāhainā Roads is STR, and Puamana is a planned community development. So, then my question is, are you making specific recommendations for those types? Like, Lāhainā Roads and Lāhainā Shores is in the burn zone, they're not able to be accessed, and then the structural integrity is somewhat questionable, like if they'll even let folks go up to, say, the fourth floor, or whatever it is. And then are you getting the most up-to-date information? Like, is Army Corps of Engineers going to just demolish it, and then that would affect what the tax situation is...like, are you getting that . . . *(timer sounds)* . . . kind of information?

CHAIR SUGIMURA: Ms. Martin.

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MS. MARTIN: Thank you for that question. So for the condominium projects, right now, we are waiting for the Management GIS team to finish compiling the data from the public works inspections. Then once we get that, we're going to reach out to the management of the condominium projects, and see what kind of damage figures they have. And then at that point, that would trigger the reassessment under 3.48.230 because there are so many units involved. You know, we're hoping to just have the single point of contact for each of the projects, and that would be for this fiscal year. I think for some of the projects that, like you said, the units may not be damaged, but they don't have access, and I think that would be something that we would have to present on the 16th to you. So, there's two different scenarios in that.

COUNCILMEMBER PALTIN: And...and also, properties like, I think, Ho'onanea where some buildings are completely demolished and some buildings are standing, or Lāhainā Surf, or Opukea, or whatever. But it all is the same HOA, so does that also...that will also factor in, right?

MS. MARTIN: So, we have identified the individual condominiums that have been damaged within a project, say, like Opukea. And I do want to point out that this body did fund our 3-D models, which were instrumental in us being able to quickly identify which actual owners were impacted. That...that program became more valuable now than it's ever been, so thank you. But...so, yes, we are going to address when there's multiple buildings because we have that access in our GIS. We're going to address each CPR based on their unique situation.

COUNCILMEMBER PALTIN: Thanks. I...I slid an extra one in there. Sorry, Chair.

CHAIR SUGIMURA: That's so unlike you. . . .*(laughing)*. . . So, Members, we're almost at 12:00. Does anybody else have any ques...oh, I'm sorry. Chair Lee, you wanted to be last.

COUNCILMEMBER LEE: Me. Yeah.

CHAIR SUGIMURA: Okay, Me. Go ahead.

COUNCILMEMBER LEE: Okay. I'll make it quick. Director, as you go through the...the--well, I guess, we have to...you're expecting us to revise--or are you going to take the three --

CHAIR SUGIMURA: Oh, here.

COUNCILMEMBER LEE: -- and work on it yourself, and return it to us?

MR. TERUYA: Chair, Committee Staff, I already have your three bills. I think if you could maybe outline your importance of what it is in--as detailed as you can get,



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or you can itemize it. We'll incorporate them all and if we have questions, we'll contact you directly. But if you could get that to Staff to get to us --

COUNCILMEMBER LEE: Yeah.

MR. TERUYA: That would be much appreciated.

COUNCILMEMBER LEE: Okay. Okay. That's fine. The...the...yeah, mine's the easiest one of all. But my point is, what we also need from you are...would be an estimate on the fiscal impact of what the final version would be. We absolutely need that. We...we've been getting information from you guys kind of piecemeal. And in order to make good decisions, we're going to need to know cost, whether it's this, or everything regarding the entire disaster. And we're not getting all the information in terms of...what are you expecting in terms of...of real property taxes, TAT, GET, and also, grants from State and...and Federal sources. So, if...if we...if we knew the revenue picture and the expense picture, then we will know what we can afford to give people. Right now, we're kind of dancing in the dark. And rather than go with all this guesswork, we need to allow and give people exemptions that we can afford. So, that's important to have the big picture, as well as the little picture. So...and then secondly, I'm...I'm hoping that you're going to be working closely with Public Works so that when people say my...my house or my property is uninhabitable, that somebody in Finance is not making that call. So, somebody in Public Works would have to make that call because if you say it is inhabitable [sic], but they get...they cannot get a building permit, then we have problems. Okay. So, those are my concerns.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER LEE: I know you will work with...on them diligently and give us very specific answers. Thank you very much.

CHAIR SUGIMURA: Thank you. Director, did you have a comment for that? Sounds like it's...

MR. TERUYA: Her concerns are my concerns.

CHAIR SUGIMURA: Okay. All right. Anybody else? All right. So, okay. I'm going to repeat what we're going to do. Tamara, did you express what your ASFs are? Because you're going to pass it on to Director Teruya and all of us won't know.

COUNCILMEMBER PALTIN: Oh. Well --

CHAIR SUGIMURA: Or did you already say it?

COUNCILMEMBER PALTIN: I...I had an ASF in writing, and...and rather than express

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it in words, I'd love for you guys to all get a copy, whether it's a hard copy or an email.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: Including --

CHAIR SUGIMURA: So, we'll --

COUNCILMEMBER PALTIN: -- Finance. But I just want to make sure that happened because so much work went into all of that writing and stuff --

CHAIR SUGIMURA: Yes.

COUNCILMEMBER PALTIN: -- like late hours and pages.

CHAIR SUGIMURA: Okay. Thank you. Director Teruya just has comments.

MR. TERUYA: Chair, question back to you. We responded in writing comments to the three different bills. Were...were those provided to the Councilmembers?

CHAIR SUGIMURA: Yes. It's in Granicus.

MR. TERUYA: Because those are the clarifying questions that we have for all of your bills, the three bills that were submitted. We have comments as to things that we didn't quite understand. If those questions could be answered to the Department, that would be greatly appreciated.

CHAIR SUGIMURA: Okay. Very good. So, Members, I'm going to repeat the time schedule then. For BFED, the next time that we meet regarding this item, and Director Teruya, Marcy Martin, as well as with our OSC Staff, is going to come up with a proposed legislation by looking at Bills 91, 95, and 102, as well as the--they did a really good job--their comments that they came back with regarding the three bills. We'll look at the ASF that Tamara is going to submit or did--will submit, as well as the comments that they heard today, and come up with a proposed legislation. You'll be in touch with us if there's any more questions that come up. Thank you. And then after that, if we can pass that on--the target date for posting to send it forward to Chair Lee would be November 24th, to send this bill to--for posting for the December 1st Council agenda for first reading, and then second reading would be December 15th. So, that's kind of the time schedule, if we can keep to that. And thank you very much, Director and Marcy Martin, for working with us on that. And thank you very much for the letter that you shared with us and the community regarding the Mayor on this real property tax, that he...he basically...is the word waived?--for those that were impacted by the August 8th wildfires. And that, again, for--I think,

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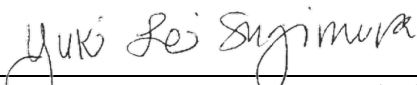
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Mr. Williams, in your letter, which was a very well written, like an attorney would, you asked about where that authority came from. So, I hope a copy of the letter will be given to you. And that the emergency proclamation that was passed on--I think it was August the 11th...11th gave him the authority to waive real property...or suspended real property. So, he took action based upon that. So, that's...that's what you were looking for, I think, based upon the...your written testimony and the questions you were asking. Thank you very much, Mr. Williams, for always being there for us. I want to say thank you to Mr. Croly because he's always also--although he's not a resource today. But Members, if there is no other questions, we will send your comments forward to the Department, which one of them was...Gabe Johnson wanted to know what is the balance in the emergency fund. So, that should go to--is it to you or to Director--to you? Okay. We'll send that to you. And a lot of us were talking about what to do with short-term vacation rentals and long term--and how to incentivize that, and to look at what we need to do this year so that we can act on it come January 1 for the Real Property Tax Department. So, Members, no other questions. This meeting is now adjourned. And thank you for doing a great job. It's 11:59. ...*(gavel)*...

**ACTION:**     **DEFER** pending further discussion.

ADJOURN:   11:59 a.m.

APPROVED:

  
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YUKI LEI K. SUGIMURA, Chair  
Budget, Finance, and Economic  
Development Committee

bfed:min:231031:lt

Transcribed by: Logan Tsuji

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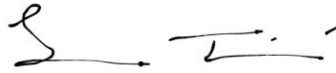
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CERTIFICATION

I, Logan Tsuji, hereby certify that pages 1 through 59 of the foregoing represents, to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 22nd day of November 2023, in Wailuku, Hawai'i



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Logan Tsuji