

MINUTES

of the

PUBLIC HEARING HELD ON

APRIL 26, 2017

THE COUNCIL OF THE COUNTY OF MAUI, STATE OF HAWAII, CONVENED A PUBLIC HEARING ON WEDNESDAY, APRIL 26, 2017 AT 6:04 P.M., IN THE COUNCIL CHAMBER, KALANA O MAUI BUILDING, WAILUKU, HAWAII, WITH CHAIR MICHAEL B. WHITE PRESIDING, FOR THE PURPOSE OF RECEIVING TESTIMONY ON THE PROPOSED REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2017 TO JUNE 30, 2018.

CHAIR WHITE: Please call to order the Maui County Council public hearing on Real Property Tax Rates. It's the meeting of April 26, 2017.

And, Mr. Clerk, will you please call the roll.

ROLL CALL

PRESENT: COUNCILMEMBERS ALIKA ATAY, ELEANORA COCHRAN, S. STACY CRIVELLO, G. RIKI HOKAMA, KELLY T. KING, YUKI LEI K. SUGIMURA, VICE-CHAIR ROBERT CARROLL, AND CHAIR MICHAEL B. WHITE.

EXCUSED: COUNCILMEMBER DONALD S. GUZMAN.

There were 7 members of the public in attendance.

DEPUTY COUNTY CLERK JOSIAH K. NISHITA: Mr. Chair, there are eight Members present, and one Member excused. A quorum is present to conduct the business of the Council.

CHAIR WHITE: Thank you, Mr. Clerk. And, before we proceed, if I could ask everyone to please silence their cellphones.

And Mr. Clerk, please proceed.

NOTICE OF PUBLIC HEARING

DEPUTY COUNTY CLERK: Mr. Chair, the Notice of Public Hearing on the Real Property Tax Rates for the County of Maui for Fiscal Year July 1, 2017 to June 30, 2018 was published in the April 15, 2017 and April 20, 2017 editions of the Maui News.

In accordance with Section 3.48.565 of the Maui County Code, the public is invited to provide testimony before the Council regarding the Real Property Tax Rates for the County of Maui for the Fiscal Year July 1, 2017 to June 30, 2018.

We have established limited interactive communication that enables individuals from Hana, Lanai, and Molokai to provide testimony from our District Offices.

Individuals who wish to offer testimony in the chamber, please sign up at the desk located in the eighth-floor lobby, just outside the chamber door. When testifying, please state your name and the name of any organization you represent.

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

MS. DENISE FERNANDEZ: Good evening, Chair. This is Denise Fernandez on Lanai, and we have one testifier; Gabe Johnson.

TESTIMONY

MR. GABE JOHNSON:

Aloha, Councilmembers. I'm Gabe Johnson and I live on the island of Lanai. And I'm speaking today as a Lanai City resident. First, thank you for allowing me to testify on this important matter. When the Budget Committee came to Lanai, I spoke on tax . . . And as it stands now, I'm 100 percent for increasing the tax on the hotels in Maui County, and I hope you guys do that today.

Each year, we're breaking records on tourism for our infrastructure, as well as our social services are being overstressed. And on one hand, we have new resorts that are being built, and hotel renovations that are always happening. Money is being spent hand over fist to maintain this economic engine, as we call it. Yet very little is going the way of the worker housing and services that helps struggling families. The wish list can go on and on, and I think this money would really help us in that way.

So, in conclusion, I'd like once again to implore the Council to do what's in the, within their powers, and raise your taxes on the hotels. Mahalo.

CHAIR WHITE: Thank you, Mr. Johnson.

Members, any questions?

Seeing none, Mr. Clerk.

DEPUTY COUNTY CLERK: The next person to testify is Tom Croly. He will be followed by Richard Dan.

MR. THOMAS CROLY:

Aloha, Chair. Aloha, Council.

CHAIR WHITE: Good evening.

MR. CROLY: I've been watching your, your actions in the Budget Committee, and I do wish you the best of health and luck in, in, in the, what's to come, because the tough stuff has started. You've seen that, and it's going to continue I'm sure.

I'm here just testifying on my own behalf. And I want to say that I'm supportive of the rates that were proposed in the Chair's budget proposal. I appreciate the thought that went into the distribution of the rate changes, and considering the value changes in each category. I think that there is a better way we can do this if we look in a, in, in a broader sense in the assessments. Perhaps we could average assessments over a three-year period, and then we wouldn't have these spikes up and down. But, that's not for you to consider tonight.

With these proposed rates, it means that my personal property taxes are going to increase by \$497 this year, and this represents a 12 percent increase over what I paid last year. It also represents a 54 percent increase over what I paid in 2012. And that's a little concerning to me, that in, you know, five, six years, my tax burden, my property tax burden has increased by 54 percent. I know that you guys are keeping an eye on things, and, and I ask you to continue to do that. But, that's why we can't give everybody everything that they want because we do have to keep these things in control.

Most members of the public do not understand our real property tax system, and how their taxes are actually determined. But, what most Maui residents do know is that their taxes relative to someone on mainland are extremely low. But, I do want to point some, and, and often we hear something like the previous testifier who will say, make the, make the visitors pay for it. And I do want to point out that that is exactly what we already do.

And I want to give you an example: a property assessed at \$700,000. If it's someone's home and they pay homeowner tax rates at what's been proposed by the Chair, it's, it comes to \$1430. That's how much tax, basically, an average Maui homeowner pays. But if that same \$700,000 property is used for short-term rental as in the case of a condominium unit, they would pay \$6,552 in property tax; four and a half times.

And when we think about it for a moment, there's one visitor on the island for about every four to five residents on any given day. But that one visitor is paying taxes four to five times what the, the resident is paying proportionately.

I want to jump to one other item, and that is the Chair has proposed increasing the minimum tax. And while I do think that it's appropriate to increase the minimum tax, I learned when, that it last was increased from some of the ranchers that lease multiple parcels, that it might disproportionately impact them. And I was thinking about that, and what could you do about that? A homeowner has one house, so when you increase the minimum tax by \$100, it makes their tax go up \$100. Big deal, most people should be able to afford that. But a rancher who might be leasing six or ten parcels, you've now increased his, his tax by 6, or 600, or \$1,000.

Maybe, maybe consider having different minimums for different classifications. Maybe agriculture should stay at \$300, maybe it should be less. But, it's a consideration for you to make just so that in these cases where the minimum tax is going to be too impactful, it could be, it could help address it. Thank you for that consideration.

CHAIR WHITE: Thank you, Mr. Croly.

Members, any questions?

I, I allowed Mr. Croly to have the extra minute without him asking for it. So, I will do the same for the other testifiers.

Mr. Clerk.

DEPUTY COUNTY CLERK: Next person to testify is Richard Dan. He will be followed Buck Joiner.

MR. RICHARD DAN:

Aloha, everybody. Thank you all for working so hard for Maui. My name is Richard Dan. I'm a retailer on Market Street. I own property in Wailuku. I live in Wailuku. I work in Wailuku. I'd been a retailer in Wailuku for nearly four decades. I've been open on Market Street for about 35 years.

Thirty-five years ago, Wailuku was, Market Street was vibrant. Customers, people were always walking on the street, and there was no room for any crumbs and any problems to happen. Twenty years ago, it was the same thing.

Then we lost Valley Isle Motors, we lost the Kress Store, and we lost our parking. Customer started, the crumbs started to come. Customers and the vibrancy of Market Street slowed down. Got to the point where about 10 maybe 15 years ago, it was put forth that, put before the MRA a Clean and Safe Program.

About two years ago, things got so bad on Market Street and in Wailuku, the County Council decided with the MRA to finally put this through; the Clean and Safe Program. Since the Clean and Safe Program has been in effect, people have started to come back to Wailuku. The park, the banyan tree park at the corner of Vineyard and Market is cleaned up. There are no more drug deals and crumbs in there anymore. The homeless problem on, in Downtown Wailuku is pretty much over with and has been moved, moved to other areas.

Maui is the best place in the world. Wailuku is the County seat. We have to take pride in it. Please don't cut the budget in any way, shape, or form for this Clean and Safe Program. I don't think the Clean and Safe Program is something we need forever. Once the customers come back and the streets become busy, there's no place for the crumbs to come back. At that point in time, Clean and Safe may be used someplace else. I think it's a terrific program. It's helped everybody in Wailuku. And I'd like you to continue it, and not cut its funding.

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

Any questions for the testifier?

Just for clarification, the same amount of funding, the Chair's proposal allows for the same amount of funding that was present this past, or this fiscal year. So, we did, we did adjust, we adjusted the increase, but we left the, the same amount of funding.

MR. DAN: The increase was to allow us for, to be open, to have more, more, these people on Sundays. The increase was also to expand the program. As this program expands, Wailuku becomes more beautiful. This is a very good thing.

We shouldn't be cutting back on anything to do with this Clean and Safe Program. It's, it's, a miniscule amount compared to the overall budget, like one-thirty-five thousandth of the budget. So, really, for a, I think this is money well spent. Everything you can do for the Clean and Safe Program I think is important. I think cutting back on it is not smart. That's all I got to say.

CHAIR WHITE: Thank you very much for coming this evening.

Mr. Clerk.

DEPUTY COUNTY CLERK: Next testifier is Buck Joiner. He will be followed by Trinette Furtado.

(Councilmember Atay was excused from the public hearing at 6:15 p.m.)

MR. BUCK JOINER:

Aloha kakou, Buck Joiner.

CHAIR WHITE: Good evening.

MR. JOINER: Speaking at this podium for 34 years. I'd like to talk about the budget, and excuse me, am I?

CHAIR WHITE: I'm sorry. Go ahead.

MR. JOINER: Okay, could we restart please?

CHAIR WHITE: Yes.

MR. JOINER: Thank you. So, again, aloha, 34 years at this podium, Buck Joiner. And, I want to talk a little bit about some of the budget items, and we'll address taxes at the end.

I'm here to, to stand in strong favor of continuation of the 3-Can Plan. And I'd actually like to see the 3-Can Plan expanded to neighborhoods that really want it. There, it's great, I love it. The people in my neighborhood, Maui Meadows, really love it. There are places where that pilot program was put that are absolutely inappropriate, and those should be eliminated and added to, to other places that, that do want it.

The, the cost that the Solid Waste Division gives to you guys, this was the report that was put out in, in 2015. And this report is, is just, it's total bull. I'm sorry. There's just, there's, it has in here a cost for processing of green waste. There is no cost for that. Depreciation of vehicles, additional labor costs, etcetera, etcetera, etcetera. All of that is already being done. And that, there is no additional cost from that for the 3-Can Plan. So, I find that very disturbing that, that they are providing you with false information, erroneous information from which you have to make a decision.

I'm very concerned about this particular budget, because these are dramatic cuts in personnel and services, particularly in the Mayor's Office. I don't think that that's a good thing. There are dramatic cuts in the Invasive Species Program. That is critical. We have coqui's, the little fire ants, miconia, now we have the rat lung disease, and all of the things associated with that. MISC really needs full funding, and I'd ask you to give them back the million dollars that they need.

Where do you get the money? Well, let me say first of all that the \$3 million shortfall for the golf course, to me, is absolutely an abomination. If you have a 25 percent shortfall, that's fine. But when you have a 300 percent shortfall, that's not good. Figure out how to solve that problem.

The Tourist Accommodation Tax, it comes back to Maui to provide for visitor related services. And, unfortunately, and there's a statement in the newspaper by Mike White saying that it's, it's inadequate. And yet, we are giving \$4.2 million to the Maui Visitors Fund. Excuse me, that's pouring gasoline on the fire. And I would ask that you divert this money to the Maui Invasive Species, and to some of the shortfalls.

This is paradise. Maui is paradise, and we want to keep it that way. And that means that, from my standpoint, I am willing to pay a little more to get more. I want better paved roads. I want parks that are maintained with public safety. And I want to be, have the invasive species addressed. So, if it costs a little bit more, I'm okay with that. I want to get more. Thank you.

CHAIR WHITE: Thank you very much.

And, just a reminder, the Chair is being a little bit flexible. This is a, a public hearing on rates only, not, not on the budget. But, but we welcome your testimony this evening.

MR. JOINER: Thank you. I couldn't get here, you know, when did the, the budget came out when, you know, okay.

CHAIR WHITE: That's fine. With, with a small crowd, we're able to be a lot more flexible than we would otherwise.

MR. JOINER: I'm going to come to night more often. Thank you.

CHAIR WHITE: Thank you.

Any questions, Members? Seeing none, thank you for being here.

Mr. Clerk.

(Councilmember Atay returned to the public hearing at 6:20 p.m.)

DEPUTY COUNTY CLERK: Next testifier is Trinette Furtado. She is the last individual who has signed up to provide testimony.

MS. TRINETTE FURTADO:

Good evening, Members. Mahalo nui for your long and hard work on this budget. What do you, what you are being handed right now is a, a comparison of rates and fees between the different counties here throughout the State.

What I hope that you will be able to see that is highlighted, though it may be gray-scaled there, are Maui's rates as opposed to Honolulu, Hawaii island, and Kauai. We have the lowest, as we've heard in testimony before, the lowest real property taxes in the State.

What I would like to know is, could we possibly raise just the rates of one class? And in that, it would fund everything that is proposed to be cut in this session. It would help the 3 Can Plan. And not only that, it may give the County a little more money to work with.

As I'm looking through the hotel and resort rates for Honolulu, it's \$12.40, \$12.90, excuse me. For Hawaii island and for Kauai, it's \$10.85. We have ours, with even

Chair's proposed at \$9.37, still much lower. If we raised it to, say the rate of Kauai and Hawaii island, just at least to be comparable with them, we could still generate enough revenue to not cut critical services.

You know, I, I have to ask, being a taxpayer, you know, and seeing where my money goes, why we're cutting funding for school programs. I mean, why are we cutting funding for keiki to eat. Why are we funding, why we're cutting funding for possible transportation from people in rural areas to get around town when they have no car.

I know that there are a lot of people that have sent testimonies to you, possibly called your offices, possibly come by to visit about this very issue. We don't mind paying more, but when we're doing so at the cost of receiving less, you know, I, I have to ask myself where is that money going? We can fund the Visitor's Bureau 4.2 million. Everyone can get funded if we look at this hotel rate.

So, I ask you to look at this critically, to do the math. Some of it has been done already, and, and to consider this, because it's a win-win for everyone. Thanks for your time.

CHAIR WHITE: Thank you, Ms. Furtado. Members, any questions for the testifier? Seeing none, thank you for being here this evening.

Mr. Clerk.

DEPUTY COUNTY CLERK: Mr. Chair, there is no further testifiers in the chamber or at the District Offices.

CHAIR WHITE: Thank you, Mr. Clerk.

Members, we have received written testimony. Without objection, we'll receive it into the record.

MEMBERS VOICED NO OBJECTION.

THERE BEING NO OBJECTION, WRITTEN TESTIMONY RECEIVED FROM THE FOLLOWING INDIVIDUALS WERE MADE A PART OF THE RECORD OF THIS PUBLIC HEARING:

1. Trinette Furtado;
2. Mitchell Imanaka, American Resort Development Association;
3. Wyndham Vacation Ownership; and
4. Bill Countryman, Marriott Maui Ocean Club.

CHAIR WHITE: Thank you.

And, without objection we will close public testimony.

DEPUTY COUNTY CLERK: Mr. Chair.

CHAIR WHITE: Oh, I'm sorry.

DEPUTY COUNTY CLERK: I'm sorry. Yea, we're going to leave testimony open until the reconvened meeting.

CHAIR WHITE: Oh, that's right. So, there being no further testimony received, this public hearing on Real Property Tax Rates for Fiscal Year July 1, 2017 to June 30, 2018 will be recessed until Friday, May 12, at 11 a.m. in the Council chambers.

Mr. Clerk.

DEPUTY COUNTY CLERK: Mr. Chair, there's no further business.

CHAIR WHITE: Thank you.

We are now in recess. Thank you all for coming.

THE COUNCIL PUBLIC HEARING OF *APRIL 26, 2017* WAS RECESSED BY THE CHAIR AT 6:24 P.M., AND WAS RECONVENED BY THE CHAIR ON *MAY 12, 2017* AT 11:02 A.M.

CHAIR WHITE: This meeting of the County Council shall please come back to order.

Members, we are going to reconvene the public hearing held on Real Property Tax. And, pursuant to Subsection 3.48.565(B) of the Maui County Code, the Council of the County of Maui held its first public hearing on Wednesday, April 26, 2017, on the proposed Real Property Tax Rates for the County of Maui, effective July 1, 2017. The purpose of this reconvened public hearing is to consider proposed resolution entitled "ADOPTING THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI, EFFECTIVE JULY 1, 2017".

Mr. Clerk, will you please call the roll.

ROLL CALL

PRESENT: COUNCILMEMBERS ALIKA ATAY, ELEANORA COCHRAN, S. STACY CRIVELLO, DONALD S. GUZMAN, G. RIKI HOKAMA, KELLY T. KING, YUKI LEI K. SUGIMURA, VICE-CHAIR ROBERT CARROLL, AND CHAIR MICHAEL B. WHITE.

There were 10 members of the public in attendance.

COUNTY CLERK DENNIS A. MATEO: Mr. Chair, nine Members are in attendance. A quorum is present to conduct the business of the Council.

CHAIR WHITE: Thank you, Mr. Clerk.

And, Members and folks in the gallery, will you please put your phones on silent mode before we proceed.

Mr. Clerk, was the Notice of Public Hearing published?

COUNTY CLERK: Mr. Chair, Notice of the Reconvened Public Hearing on the proposed Real Property Tax Rates for the County of Maui effective July 1, 2017 was published in the May 4 and May 7, 2017 issues of the Maui News.

CHAIR WHITE: Thank you. Please proceed.

COUNTY CLERK: Proceeding with presentation of testimony on agenda item. We've established limited telephone interactive communications that enables individuals from Hana, Lanai, and Molokai to provide testimony from our District Offices. Individuals who wish to offer testimony from Hana, Lanai, and Molokai should now sign up with the District Office staff.

Individuals who wish to offer testimony in the chamber, please sign up at the desk located on the eighth-floor lobby, just outside the chamber door.

Testimony at all locations is limited to the items listed on today's agenda. And, pursuant to the Rules of the Council, each testifier is allowed to testify for up to three minutes, with one minute to conclude, if requested. And when testifying, please state your name and the name of the organization you represent.

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

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

COUNTY CLERK: Thank you.

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

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

COUNTY CLERK: Thank you.

Molokai Office, please introduce yourself and introduce your first testifier.

MS. TINA THOMPSON: Good morning, Chair. This is Tina Thompson at the Molokai Office, and there is no one waiting to testify.

COUNTY CLERK: Thank you.

Mr. Chair, we have two individuals, three individuals, excuse me, who have signed up to provide testimony in the chamber this morning. The first individual to provide testimony is Lisa Paulson, Executive Director, Maui Hotel & Lodging Association. To be followed by Barbara Barry.

TESTIMONY

MS. LISA PAULSON, MAUI HOTEL & LODGING ASSOCIATION:

Good morning, Chair--

CHAIR WHITE: Good morning.

MS. PAULSON: --Members of the Committee. My name is Lisa Paulson, Executive Director of the Maui Hotel & Lodging Association. We're the legislative arm of the visitor industry for Maui County.

First, I would like to stand by my previous testimonies requesting a more equitable tax structure to be considered. The hotel/resort and timeshare classifications are two of the highest tax rates for Maui County. It is likely in the future that we will have to turn to real property tax in providing a greater share of funding to our County Budget. So, we respectfully request that we do look at that.

Secondly, it's been a bit disheartening watching many testifiers call for hotels and timeshares to take on even more taxes, without understanding that higher taxes can hurt our industry, our employees, our ability to renovate our properties, and our ability to give back to the community. You know, we're very proud to provide the following:

We provide about 40 percent of the Maui County workforce. This past year, we worked in providing job fairs for the HC&S employees, and we also helped with finding placement for the Makena employees, when that resort closed.

Workforce development. We work with three Academy's of Hospitalitys at Baldwin, Lahainaluna, and Maui High Schools. We provide job shadowing, and we also provide resources and funding to support those academies.

Partnerships with environmental/community groups. We work with many groups in helping to protect our, our environment. A report from one of our closest partners, CORAL, is attached to this testimony, as well as a list of other groups we work with.

And then giving back to the community. We host an annual kupuna dinner where we honor 500 of our kupuna, and our properties provide the dinner. Annually, we give away 25,000 pounds of rice to the needy in Maui County. We provide \$25,000 in scholarships to UH Maui College students and our AOHT students from the three high schools I spoke of previously. And then of course, Charity Walk, which is tomorrow. Last year, we provided \$1.1 million in funding for 101 non-profit organizations. And again, this year, we're hoping to raise over a million.

So, we believe in investing in our community, our environment, and our employees. Thank you for the opportunity to testify.

CHAIR WHITE: Thank you, Ms. Paulson.

Any need for clarification? Seeing none, thank you for being here, and good luck tomorrow.

MS. PAULSON: Thank you. I hope I see some of you on the field tomorrow.

CHAIR WHITE: Mr. Clerk.

COUNTY CLERK: Next testifier is Barbara Barry, to be followed by Tiare Lawrence.

MS. BARBARA BARRY:

Aloha, Chair--

CHAIR WHITE: Aloha.

MS. BARRY: --County Council. My name is Barbara Barry. I live in Haiku. And, today I'm here to talk about the, the hotel, I'm, I'm concerned about the hotel and resort numbers as in, in balance with the timeshare.

I know that we're still lower than Oahu at \$9.37, and I would like to see that increased. I'd like to see it increased to 12, and to keep the timeshare where it's at. It makes it a little bit more equitable. I just feel like the County is short changing the community by not increasing the hotel and resort tax to what is being charged on Oahu.

And, when the County is cutting community services because of the lack of funding, the Budget and Finance Committee is leaving all this money on the table. So, I'm just wondering if this is actually being fiscally responsible with the, the funds that are available to us that we may not be taking advantage of. Visitors will still come to Maui, especially when they know that they'll be able to have access to emergency services that first world countries offer their citizens.

So, I appreciate the testimony of the, the woman before me, and how much the, the hotel industry contributes to the County. But that is our major fund source of income, and supporting a lot of the people here. My daughter works in the hotel industry, so I totally support the hotel industry. And I know by increasing the property taxes, or not the property taxes, but the, the, the hotel and resort tax that it's not going to diminish people coming to visit this beautiful island. So, that's all I have to say.

CHAIR WHITE: Thank you, Ms. Barry.

MS. BARRY: Thank you.

CHAIR WHITE: Any need for clarification, Members? Seeing none, thank you for being here this morning.

Mr. Clerk.

COUNTY CLERK: Next testifier is Tiare Lawrence.

MS. TIARE LAWRENCE:

Aloha, Chair White--

CHAIR WHITE: Aloha.

MS. LAWRENCE: --and Committee, Council Members. My name is Tiare Lawrence.

I'm here today to express support of raising the hotel taxes by one dollar. And here are some reasons why: first of all, we have the lowest hotel resort RPT in the State. And from 2009 to 2014, the hotel property tax went up on Maui by \$1.20. So, if the County were to adopt this similar, this similar trend from that five years from 2014 until now, the hotel tax would increase by \$1.20. That rate would, would be 10.60 and would still be below Kauai's hotel RPT rate.

I'm in strong support of this increase for many reasons. First of all, we have the lowest RPT, and we have similar property values to Oahu. So, in Honolulu the hotel RPT is at 12.90, and our RPT is only at \$8.71. Tourism on Maui is booming, and tourism is, as you know, a major burden on our infrastructure. Resorts are expanding on the West and South side, so that tells me business is good, they're not hurting. Maui continues to be a top destination for visitors, and at any moment we could face another economic fall, which is why we should take advantage of the situation.

Also, as you know the powers that be at the State level continue, are continually trying every year to decrease the County's share of the TAT. From a strategy standpoint, I think raising the hotel RPT would give the Counties more leverage at the State level. The hotel industry have a strong presence at the Capitol, and I'm certain this could be an opportunity for the Counties to build an alliance with the hotel industry to pound on the State once and for all to give the Counties their fair share of the TAT.

I fear Front Street Apartments will go to market value. I have classmates and family that live there. I can't imagine being a mom of three kids, and checking Craigslist for

a rental in Lahaina, realizing that if she has to move her family she will have to come up with another \$1200 to \$1600 to pay for a modest three-bedroom home in Lahaina. That's the reality the 300 residents will face if the County and the State are unable to keep it affordable.

By raising the hotel RPT, you are able to restore critical services and community grants, help save the Front Street Apartments, and allocate much needed money towards parks, roads, and wastewater infrastructure.

Councilmember Hokama, you often say there are many ways to skin the cat. But no matter how you slice it, the hotel and resorts should be paying more. Mahalo.

CHAIR WHITE: Thank you, Ms. Lawrence.

Members, any need for clarification?

Mr. Hokama.

COUNCILMEMBER HOKAMA: Do you understand what equity is in the real tax formula?

MS. LAWRENCE: I'm not a CPA or a tax.

COUNCILMEMBER HOKAMA: Then how can you talk about tax rates when you don't understand the formula?

MS. LAWRENCE: I pay, I pay--

COUNCILMEMBER HOKAMA: Because equity, equity is a big component.

MS. LAWRENCE: I pay property taxes, so I understand how property taxes work very well.

CHAIR WHITE: Ms. Lawrence, let Mr. Hokama--

COUNCILMEMBER HOKAMA: Not if you don't understand equity.

CHAIR WHITE: --say his, what he has to say, and I'll give you plenty of time to respond.

Mr. Hokama.

MS. LAWRENCE: I, if you can elaborate more and educate me, that would be awesome too. I'm here learning, I'm just a resident, and I just trying to bring forth solutions, and come up with ideas that could help you folks restore critical emergency services on

Maui, as well as put money where we need it. So, I bring forth ideas, and take it as, as you want it.

CHAIR WHITE: Members, any other need for clarification?

Thank you for being here this morning.

MS. LAWRENCE: Mahalo.

CHAIR WHITE: Mr. Clerk.

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

Hana Office, are there any additional testifiers?

MS. LONO: There is no one waiting in Hana to testify.

COUNTY CLERK: Thank you.

Lanai Office are there any additional testifiers?

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

COUNTY CLERK: Molokai Office, are there any additional testifiers?

MS. THOMPSON: There's no one waiting to testify at Molokai.

COUNTY CLERK: Thank you.

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

CHAIR WHITE: Thank you, Mr. Clerk.

Members, we have received some written testimony. Without objections, we'd like to receive it into the record.

MEMBERS VOICED NO OBJECTION.

THERE BEING NO OBJECTION, WRITTEN TESTIMONY RECEIVED FROM THE FOLLOWING INDIVIDUALS WERE MADE A PART OF THE RECORD OF THIS PUBLIC HEARING:

1. Lisa Paulson, Maui Hotel & Lodging Association;
2. Dr. Marion Ceruti;
3. Amy Stephens;
4. Emma White;
5. mymoopuna@hawaii.rr.com; and
6. Jeri Staley-Earnst.

CHAIR WHITE: Thank you. So ordered. And since we have no more testifiers, without objection, the Chair will close public testimony.

MEMBERS VOICED NO OBJECTION.

CHAIR WHITE: Thank you. So ordered.

Mr. Clerk.

RESOLUTION

RESOLUTION
NO. 17-82

ADOPTING THE REAL PROPERTY TAX RATES
FOR THE COUNTY OF MAUI,
EFFECTIVE JULY 1, 2017

CHAIR WHITE: Mr. Hokama.

COUNCILMEMBER HOKAMA:

CHAIRMAN, I MOVE TO ADOPT THE RESOLUTION.

VICE-CHAIR CARROLL:

SECOND.

CHAIR WHITE: Okay, we have a motion from Mr. Hokama, and a second from Mr. Carroll.

Mr. Hokama.

COUNCILMEMBER HOKAMA: Chairman, thank you. Your Committee had a very challenging budget session this year with the budget as proposed to Council. We had difficulties in verifying numbers that was used in their administrative proposal. But at the end of the day, your Committee has recommended, with an unanimous vote of a ten and a half percent Real Property Tax increase.

Again, you know, there's people who will say we need to adjust. I thought, I believe we did a good as job as possible. You know, if the community, the community asks for a lot of things, Mr. Chairman. And you know, as long as the community is willing to pay, you know, the Council tries and provides.

But if the Council wants to look at additional revenues, then my thing to the body is look at the categories we subsidized, okay; that's agriculture, that's residential, okay. Look at those categories to increase tax rates to reduce the subsidy. Don't look at those that provide the lion's share. Look at the categories that we subsidized, okay; 30 million for ag. We're over what, 10 in the residential? Those were the categories I would say we should consider then potentially adjusting rates and increasing it, cause that's where the General Fund is paying more than its fair share; not under hotel/resort. If people want to look at numbers, look at the numbers and look at where the numbers lie in the subsidies, Chairman.

You know, there is no perfect budget, Chairman. This is not a perfect budget, but I think we made a good attempt in this year to try and catch up in areas that the community responded in our survey. Number one was transportation. So, we made efforts to generate more road funds, and we did through our proposal through the weight, Vehicle Weight Tax. And, we have shown that we are placing 100 percent of that money in road projects throughout the County, for the community to hold us accountable of what we're asking them to pay, they will see in their projects, and see the improvement regarding their quality of transportation services.

Other than that, Chairman, you know, I didn't anticipate another four million we had to pay for obligations because of calculations of the retirement system trustees. Adjustments, again, of another 600,000 for OPEB requirements. So, right there was another four million that we didn't anticipate.

We have budgeted well, whereby we are able now to do massive borrowing to take care critical, big infrastructure projects. So, like West Maui, with this year, we're going to total up 49 million for a critical major infrastructure reinvestment, okay.

We have the financial ability, Chairman. It's taken us 20 years to come up with the bond rating, the cashflow ratio that hopefully we can improve more in my, in my estimation. But we're in the right track, whereby the borrowing and the, what we pay for in cash makes a lot more sense than we did in the previous decades, Chairman.

And this is what it costs for this County; \$700 million, Chairman. We're going to borrow almost 150 million. You know, that's not a comfortable number for me, but it's a investment. We're going to take time to pay it off, but I think in the, over the 20-year life of the bond, we should have the improvements that makes this community have an improvement of quality, an improvement of safety, and you know, improvement in resilience, and the ability to respond during unanticipated events.

So, for me, Chairman, I believe that this is still a sound proposal for the Members to consider. I've been questioned by people in the community that see me on Lanai, or you know, at the restaurants and what not, and I've explained to them. And if they want us to reduce, the Council is happy to do so. Just tell us what you want reduced, okay. Either that, Chairman, or you know, another outcome is we can live with the Mayor's proposal and go back to the Mayor's budget. That's our other, also, another option for Council to consider. Thank you.

CHAIR WHITE: Thank you, Mr. Hokama.

Any further discussion?

COUNCILMEMBER CRIVELLO: Chair.

CHAIR WHITE: Ms. Crivello.

COUNCILMEMBER CRIVELLO: Thank you, Chair. I stand in support of the budget that our Committee, all of us worked very hard, put in many hours. I can appreciate the direction that we have concluded. And, in, in fairness to our residents, we are still able to meet the assessed values and, and the property taxes that have been listed for us.

I can understand where certain members of our community would want us to tax the hotels, but this is where we come out with a balanced budget. We've come out with a balanced budget. We still are able to meet the liabilities that we have with Hawaii

State, and the unfunded liabilities, and our employees' retirement, as well as meeting the bargaining units increases that we really don't have a complete say on it.

And we've just got through dealing with our, the different proposals or lack of proposals from our State Legislature. And one of the defining moments when they tried to apply tax increase with our Real Property Taxes and yet not holding a public hearing. I think we have to be mindful of what we're heading into.

And I also recognize that visitors, yes, they may still want to come here, but everyone would look at costs. We pay big bucks to just travel from Honolulu to Maui. We don't have direct flights into Maui. As well as you know, why go to the hotels? Maybe you can go someplace else where it's not legit.

And we employ, I think, it's an economic engine that this island have accepted. It's an economic engine that employs close to 14,000 people as of 2014, that was the count that, that we took close to 11,000. So, I, I believe it's simple mathematics when it comes to cost, whether you're running a hotel or a small business. Everything will be applied to the consumer, and if the consumer doesn't have the monies to spend, then the business would have to, the first place you eliminate are the employees, and probably these employees also are residents who pay their real property taxes too. So, it's a domino effect no matter how we look at it.

And, I, I agree with Mr. Hokama. We've been able to, I was just kind of dumbfounded that we weren't able to, we, we didn't have to raise our taxes to such a higher degree and still bring everything in balance. So, if we, we look at all what we've provided, we've provided a lot of services to, to make a dent in the social impacts that we're facing in our community through the support of our non-profits, as well as trying to address all of the needs that we have for our infrastructure and what have you.

So, I, I hope we are able to conclude this session with full support that has come from ourselves, the Committee, under the direction of our leadership. Thank you.

CHAIR WHITE: Thank you, Ms. Crivello.

Any further discussion, Members? Seeing none, all those in--

COUNCILMEMBER COCHRAN: Chair. Thank you, Chair. Chair, I will be actually speaking in opposition to this motion here today. I am, I would like to increase actually, this real property tax, and yes, tax rate on the hotel and resort by a dollar, which only bumps it up to \$10.37. And, according to my office and staff's calculations, that would equate to 10 million in additional revenue, which would allow

the Council to fully fund the following, which I'm looking to utilize that, the revenue for.

And one would be the Wailea ladder truck for 400,000 additional that was cut out. Countywide Police facilities, which comes to 405,000, which I inquired, and existing money that's sitting on the books has, has projects for. They have five different projects that will be allocated, be utilized by the end of this FY December 31. And also for 58,664 for Civil Engineer for the MS4 Program, which I think it's a huge mandate put down on this County. And if we do not address it, we may have potential consent decrees and litigation, and who knows what. So, I think for fail safe and extra protection to this County as a whole, that would be very helpful to do.

So, the total comes out to \$863,664 for these three items. The additional revenue balance of 9,136,336 million, I would like to put towards the Front Street Apartments issue, because unfortunately our State legislators have, I look at it as has failed the 142 low-income tenants that are there, and at risk from being homeless, or just having huge pressure put upon them. As Ms. Lawrence mentioned, trying to find housing in West Maui is just ridiculous at this time.

And, my office spoke to Kent Miyazaki of HHFDC, just on May 3 of this year, and asked what their Plan B was. And they really didn't have. They said they were talking about building some other units somewhere else. Well, that is going to take a long time. So, I think, you know, having us step up and utilize this type of funding to protect our, these housing units, for me, would be, would be very, very important and key.

So, the, we, because the amount that we could put into this in preserving it, we can't take it and go and build and buy somewhere else and, and keep the housing in perpetuity. So, currently, because of what I'm explaining, I do have a PAF in, being researched, it's in action as we speak, to look for options such as eminent domain proceedings. And I just wanted to mention that.

And so, also, the 8.7 million, with the 8.7 million taken out of that \$9 million plus dollars leftover is 436,336 and I propose, I would like to propose to put that to pay off debt. As Mr. Hokama is always eloquently pointing out, we do have a huge thing, and I'd love to pay it down. So, to put it towards the ERS, EUTF debt that is hugely outstanding.

And, and for this reason, Chair and Members, I am very supportive. And I think it wouldn't really be that much of a hardship to, to visitors or anyone to raise the hotel/resort classifications to garner this type of revenue. So, and it is true having cross-referenced, and this came from staff, factoring out the numbers; we are lowest.

City and County of Honolulu is at \$12.90 for FY 2017, and so this proposal will, will bring us, and has proposed an increase to 13.40 for FY18.

And those are my comments at this time, Chair, and justification for my opposition in the current form of this resolution.

CHAIR WHITE: Thank you, Ms. Cochran.

Any further discussion? Seeing none, all those in favor of the motion please signify by saying "aye".

COUNCILMEMBER HOKAMA: Aye.

COUNCILMEMBER CRIVELLO: Aye.

VICE-CHAIR CARROLL: Aye.

CHAIR WHITE: Those opposed say "no".

COUNCILMEMBER COCHRAN: No.

COUNCILMEMBER ATAY: No.

CHAIR WHITE: Wait. Let's do a roll call vote please.

COUNTY CLERK: Councilmember Alikea Atay.

COUNCILMEMBER ATAY: Chair, can I get a clarification on this vote? I thought I was voting with Elle's proposal.

CHAIR WHITE: No. I'm sorry. The, the rates as listed in the resolution, this is one time that the resolution is unable to be amended. So, Ms. Cochran was simply speaking in opposition to the motion on the floor, which is to solidify or to set the rates as we agreed to, I believe 9-0 when we passed out the budget.

So, that, the vote is to, is to establish the rates that were passed in the budget, and the existing, the existing level of rates.

COUNCILMEMBER KING: Chair, just point of--

CHAIR WHITE: So, the Chair will take another vote.

COUNCILMEMBER KING: Oh, I just, I didn't, I didn't recall there being a motion on the floor or a second.

CHAIR WHITE: No, there was a motion by Mr. Hokama, and a second by Mr. Carroll--

COUNCILMEMBER ATAY: Oh, that's right.

COUNCILMEMBER KING: Oh.

CHAIR WHITE: --to pass the resolution.

COUNCILMEMBER KING: I guess I missed that.

COUNCILMEMBER ATAY: Are we still in the middle of discussion or statements?

CHAIR WHITE: No.

COUNCILMEMBER ATAY: Just vote?

CHAIR WHITE: I'm going to, I will call the vote again.

All those in favor please signify by saying "aye".

COUNCILMEMBER CRIVELLO: Aye.

VICE-CHAIR CARROLL: Aye.

CHAIR WHITE: Those opposed say "no".

COUNCILMEMBER COCHRAN: No.

COUNCILMEMBER ATAY: No.

CHAIR WHITE: Okay, I counted two "noes". Is that correct? Let's take a roll call vote just to be sure.

COUNTY CLERK: Councilmember Alike Atay.

COUNCILMEMBER ATAY: NO.

COUNTY CLERK: Councilmember Yuki Lei Sugimura.

COUNCILMEMBER SUGIMURA: YES.

COUNTY CLERK: Councilmember Elle Cochran.

COUNCILMEMBER COCHRAN: NO.

COUNTY CLERK: Councilmember Riki Hokama.

COUNCILMEMBER HOKAMA: AYE.

COUNTY CLERK: Councilmember Don S. Guzman.

COUNCILMEMBER GUZMAN: NO.

COUNTY CLERK: Councilmember Kelly T. King.

COUNCILMEMBER KING: AYE.

COUNTY CLERK: Councilmember Pro Temp Stacy Crivello.

COUNCILMEMBER CRIVELLO: AYE.

COUNTY CLERK: Council Vice-Chair Robert Carroll.

VICE-CHAIR CARROLL: AYE.

COUNTY CLERK: Council Chair Mike White.

CHAIR WHITE: AYE.

AYES: COUNCILMEMBERS CRIVELLO, HOKAMA, KING,
SUGIMURA, VICE-CHAIR CARROLL AND
CHAIR WHITE.

NOES: COUNCILMEMBERS ATAY, COCHRAN, AND
GUZMAN.

COUNTY CLERK: Six "ayes", and three "noes".

CHAIR WHITE: Okay, the measure passes.

Mr. Clerk, any further?

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

CHAIR WHITE: Okay. Thank you very much. Thank you, Members.

And, we are adjourned.

ADJOURNMENT

The public hearing of *APRIL 26, 2017*, was adjourned by the Chair on *MAY 12, 2017*, at 11:33 a.m.



JOSIAH K. NISHITA, DEPUTY COUNTY CLERK
COUNTY OF MAUI, STATE OF HAWAII



2016/2017 Real Property Tax Rates

Tax Calculation

1. Determine "county assessed value".
 2. Subtract home exemption if applicable.
 3. Take assessed value **divide by** 1000 = (A).
 4. Determine tax rate (B) from property **Class**.
 5. Take (A) **multiply by** (B) = tax per/annum.
- (Property is assessed at 100% of fee simple market value. Without knowing the assessed value, use the asking price.)

Property Tax Example I

- Assessed value: \$500,000
- County: Kauai
- Class: Hotel/Resort
- Tax rate: \$10.85

1. \$500,000 **divide by** 1000 = 500
2. 500 **multiply by** \$10.85 = \$5,425 (annual)
3. \$5,425 **divide by** 12 = \$452 (month)

Property Tax Example II

- Assessed value: \$500,000
- County: Maui
- Class: Homeowner
- Tax rate: \$2.70

1. \$500,000 **subtract** \$200,000 = \$300,000
2. \$300,000 **divide by** 1000 = 300
3. 300 **multiply by** \$2.70 = \$810 (annual)
4. \$810 **divide by** 12 = \$68 (month)

(If you own and occupy your Maui property as your principal residence, you are eligible for a \$200,000 exemption.)

Important Dates

▼ Hawaii County

- 1/1: Assessed values set for next year.
- 1/20: Second-half year bills mailed.
- 2/20: Second-half year payments due.
- 3/15: Assessment notices mailed.
- 4/9: Deadline for filing appeals.
- 6/20: Tax rate set by County Council.
- 6/30: End of tax year.
- 7/1: Beginning of tax year.
- 7/20: First-half year bills mailed.
- 8/20: First-half year payments due.
- 9/1: Deadline for filing dedication petitions.
- 9/30: Deadline for filing solar water credit.
- 12/31: Deadline for filing exemption claims.

► Honolulu County

► Kauai County

► Maui County

Tax Information

- Big Island: [http://www.bigislandpropertytax.com](#)
- Kauai: [http://www.kauaipropertytax.com](#)
- Maui: [http://www.mauipropertytax.com](#)
- Oahu: [http://www.oahupropertytax.com](#)

Resources

- 1001 Exchange
- Big Island Schools
- Carroll
- Florida Classics
- FAQs
- Shilling

RECEIVED AT BF MEETING ON APR 26 2017

(COUNCIL MEMBER ATTY)

BE-
Rf
MV
A/
RC
EC
SC
DC
KI
Y/
AD
CI
PR
1s
2n
3r
y/

County	Class	Taxable bldg per/\$1000	Taxable land per/\$1000
HAWAII *	Affordable Renting Housing	\$6.15	\$6.15
	Agricultural/Native Forests	\$9.25	\$9.25
	Apartment	\$10.85	\$10.85
	Commercial	\$10.05	\$10.05
	Conservation	\$10.85	\$10.85
	Homeowner	\$6.15	\$6.15
	Hotel/Resort	\$10.85	\$10.85
	Industrial	\$10.05	\$10.05
	Residential	\$10.05	\$10.05
HONOLULU **	Agricultural	\$5.70	\$5.70
	Agricultural Vacant	\$8.50	\$8.50
	Commercial	\$12.40	\$12.40
	Hotel/Resort	\$12.90	\$12.90
	Industrial	\$12.40	\$12.40
	Preservation	\$5.70	\$5.70
	Public Service	\$0.00	\$0.00
	Residential	\$3.50	\$3.50
	Residential A	\$6.00	\$6.00
KAUAI	Agricultural	\$6.75	\$6.75
	Commercial	\$8.10	\$8.10
	Commercial Residential	\$5.05	\$5.05
	Conservation	\$6.75	\$6.75
	Homestead	\$3.05	\$3.05
	Hotel/Resort	\$10.85	\$10.85
	Industrial	\$8.10	\$8.10
	Residential	\$6.05	\$6.05
	Residential Investor	\$7.05	\$7.05
MAUI ***	Agricultural	\$5.66	\$5.66
	Apartment	\$6.00	\$6.00
	Commercial	\$6.60	\$6.60
	Commercial Residential	\$4.35	\$4.35
	Conservation	\$5.80	\$5.80
	Homeowner	\$2.70	\$2.70
	Hotel/Resort	\$8.71	\$8.71
	Industrial	\$6.69	\$6.69
	Residential	\$5.30	\$5.30
	Time Share	\$14.21	\$14.21

* Hawaii County applies to the Big Island.

** Honolulu County applies to the island of Oahu.

*** Maui County applies to the islands of Lanai, Maui and Molokai.

Hawaii real property tax rates are for the fiscal year 2016-2017. The 1st installment payment of property taxes is due on August 20 and is for the tax period from July 1 to December 31. The 2nd installment payment due on February 20 is for the tax period from January 1 to June 30.

Homeowner Exemption

The law allows just one (1) home exemption; if a husband and wife live apart and own separate homes, each shall be entitled to one-half (1/2) of one exemption or to an exemption apportioned

Real Property Tax Riki proposed @ Honolulu Hotel Rates
Fiscal Year 2018

PITT	CLASS	2018	FY 2017 Rate	Revenue @ FY 2017 rate	Mayor's Rates with Certified Revenue			Council's Rates			
		Certified NTV			Rate	Revenue	Rev. reduction 17 vs 18 rate	Rate	Revenue	Rev. reduction 17 vs 18 rate	Difference from Mayor's
0	TIME SHARE	1943560650	14.31	27812352.9	15.38	29891962.8	2079609.896	15.43	29989140.83	2176787.928	97178.0325
1	RESIDENTIAL	7153680950	5.3	37914509.04	5.7	40775981.42	2861472.38	5.54	39631392.46	1716883.428	-1144588.952
2	APARTMENT	6443531350	6	38661188.1	6.45	41560777.21	2899589.108	6.32	40723118.13	2061930.032	-837659.0755
3	COMMERCIAL	3233112400	6.6	21338541.84	7.1	22955098.04	1616556.2	7.28	23537058.27	2198516.432	581960.232
4	INDUSTRIAL	2026783950	6.69	13559184.63	7.19	14572576.6	1013391.975	7.49	15180611.79	1621427.16	608035.185
5	AGRICULTURAL	3924966700	5.66	22215311.52	6.09	23903047.2	1687735.681	6.01	23589049.87	1373738.345	-313997.336
6	CONSERVATION	427198400	5.8	2477750.72	6.24	2665718.016	187967.296	6.37	2721253.808	243503.088	55535.792
7	HOTEL/RESORT	10009936150	8.71	87186543.87	9.36	93693002.36	6506458.497	12.9	129128176.3	41941632.47	35435173.97
8	UNIMPR RESID			0		0	0	0	0	0	0
9	HOMEOWNER	10628944800	2.7	28698150.96	2.9	30823939.92	2125788.96	2.86	30398782.13	1700631.168	-425157.792
10	COMM RESID	172476200	4.35	750271.47	4.68	807188.616	56917.146	4.58	789940.996	39669.526	-17247.62
Total		45964191550		280613805		301649292.2	21035487.14		335688524.6	55074719.58	34039232.44

Total RPT Revenue	301649292.2
Circuit breaker adj	-346825
Minimum Tax adj	2077389
Net RPT Revenue	303379856.2
Open space fund adj	3033798.562
Affordable housing Fund adj.	6067597.124

335688524.6	34039232.44
-346825	
2077389	
337419088.6	
3374190.886	
6748381.772	

Real Property Tax Riki proposed @ Kauai and Big Island Hotel Rates
Fiscal Year 2018

PITT	CLASS	2018			Mayor's Rates with Certified Revenue			Council's Rates			
		Certified NTV	FY 2017 Rate	Revenue @ FY 2017 rate	Rate	Revenue	Rev. reduction 17 vs 18 rate	Rate	Revenue	Rev. reduction 17 vs 18 rate	Difference from Mayor's
0	TIME SHARE	1943560650	14.31	27812352.9	15.38	29891962.8	2079609.896	15.43	29989140.83	2176787.928	97178.0325
1	RESIDENTIAL	7153680950	5.3	37914509.04	5.7	40775981.42	2861472.38	5.54	39631392.46	1716883.428	-1144588.952
2	APARTMENT	6443531350	6	38661188.1	6.45	41560777.21	2899589.108	6.32	40723118.13	2061930.032	-837659.0755
3	COMMERCIAL	3233112400	6.6	21338541.84	7.1	22955098.04	1616556.2	7.28	23537058.27	2198516.432	581960.232
4	INDUSTRIAL	2026783950	6.69	13559184.63	7.19	14572576.6	1013391.975	7.49	15180611.79	1621427.16	608035.185
5	AGRICULTURAL	3924966700	5.66	22215311.52	6.09	23903047.2	1687735.681	6.01	23589049.87	1373738.345	-313997.336
6	CONSERVATION	427198400	5.8	2477750.72	6.24	2665718.016	187967.296	6.37	2721253.808	243503.088	55535.792
7	HOTEL/RESORT	10009936150	8.71	87186543.87	9.36	93693002.36	6506458.497	10.85	108607807.2	21421263.36	14914804.86
8	UNIMPR RESID			0		0	0	0	0	0	0
9	HOMEOWNER	10628944800	2.7	28698150.96	2.9	30823939.92	2125788.96	2.86	30398782.13	1700631.168	-425157.792
10	COMM RESID	172476200	4.35	750271.47	4.68	807188.616	56917.146	4.58	789940.996	39669.526	-17247.62
Total		45964191550		280613805		301649292.2	21035487.14		315168155.5	34554350.47	13518863.33

Total RPT Revenue	301649292.2
Circuit breaker adj	-346825
Minimum Tax adj	2077389
Net RPT Revenue	303379856.2
Open space fund adj	3033798.562
Affordable housing Fund adj.	6067597.124

315168155.5	13518863.33
-346825	
2077389	
316898719.5	
3168987.195	
6337974.39	



April 26, 2017

TO: Budget and Finance Committee
Councilmember G. Riki Hokama, Chair
Councilmember Mike White, Vice Chair

FROM: AMERICAN RESORT DEVELOPMENT ASSOCIATION (ARDA) – HAWAII
Mitchell Imanaka, Chair of the Executive Committee
via Blake Oshiro, Executive Director

RE: Proposed FY 2017-2018 Budget – Real Property Taxes – **Oppose**

Dear Chair Hokama, Vice Chair White and Members of the Budget and Finance Committee:

ARDA-Hawaii is the local chapter of the American Resort Development Association, the national timeshare trade association, comprised of over 20 local members with 45 properties statewide and 22 in Maui. ARDA-Hawaii **strongly opposes** the proposed increase of the Timeshare Real Property Tax Rate (RPT) from \$14.31 to \$15.43 per \$1,000.

Hawaii's timeshares are an important component of our state and Maui's hospitality industry. According to the Hawaii Tourism Authority's report, for 2016:

- There were 296,153 timeshare visitors in Maui County in 2016
- This represented 11.0% of all Maui County visitors during the year
- Timeshare properties in Maui County reported total payroll of \$105.6 million in 2016, \$59.3 million for resort operations and \$46.4 million for sales and marketing.

Most importantly to this proposal, timeshare properties paid a total of \$11.46 million in real property taxes. ("Timeshare properties providing data paid a total of \$25.2 million in state and county taxes in 2016, of which 45.5% were real property taxes.")

<http://hawaii-tourism-authority.org/default/assets/File/research/Timeshare/Hawaii%20Timeshare%20Quarterly%20Survey%20Year%20End%202016.pdf>

Prior to 2005, timeshares in Maui were included in the resort/hotel property tax classification. If this proposal is adopted, the timeshare industry will have experienced an almost 100% increase in the property tax rate since 2005. The timeshare classification will pay a rate over \$6.00 more than what the hotel/resort category will pay in taxes, almost \$10.00 more than residential, and almost \$13.00 more than the homeowner classification.

For the past several years, ARDA-Hawaii and the timeshare industry have consistently provided the County, in both written and oral testimony, with numerous studies, statistics and information on the local timeshare industry, the value it provides the County of Maui in jobs and revenue, and how it already pays more than its fair share of taxes.

While a real property tax system is supposed to be fair and equitable, the system as applied to timeshare owners in the County of Maui has not been fair and has been inequitable. We fail to see any reasonable or rational basis for applying a higher tax rate to timeshares than is applied to hotels, and especially not a rate that's almost \$6.00 higher.

Moreover, targeting one group of taxpayers disproportionately with a higher tax rate is unfair and discriminatory. When the Mayor submitted his 2018 Budget proposal, he also included an increase in the tax rates, but at least it was a uniform percentage increase for all classifications. The disparity between timeshare and other classifications would be greater under that proposal but at least the increase was proportionately equal. However, continuing, let alone increasing, the disparity between the timeshare rate and other rates in the County, without any reasonable justification, remains arbitrary and capricious. And to be clear, no reasonable justification has ever been provided. Again, both budget proposals ignore the enormous disparity between the various categories which already exists.

ARDA-Hawaii recognizes that the real property tax revenue is the most significant revenue source for the County and the largest revenue component in the General Fund. ARDA-Hawaii also acknowledges and appreciates the need to fund and maintain county programs, facilities and infrastructure. However, ARDA-Hawaii continues to strongly oppose any attempts to further increase the real property tax rate applicable to the timeshare classification and to go further and increase the disparity between the classifications, and instead requests that the tax rate for timeshares be reduced to lessen the disparity or, at worst, maintained at the current rate.

Thank you for this opportunity to submit this testimony.

"Timeshare with Aloha"

SanHi Government Strategies

a limited liability law partnership
c/o Ashford & Wriston · 999 Bishop Street, Suite 1400
Honolulu, Hawaii 96813
(808) 539-0400
governmentaffairs@awlaw.com

Gary M. Slovin
Mihoko E. Ito
R. Brian Tsujimura

gslovin@awlaw.com
mito@awlaw.com
rtsujimura@awlaw.com

RECEIVED
2017 APR 26 PM 4:22
OFFICE OF THE
COUNTY CLERK

DATE: April 26, 2017

TO: Budget and Finance Committee, Maui County Council
Councilmember G. Riki Hokama, Chair
Councilmember Mike White, Vice Chair

RE: **Proposed Fiscal Year 2017-2018 Budget – Real Property Tax Rates.**

Dear Chair Hokama, Vice Chair White, and Members of the Committee on Budget and Finance:

We submit this testimony on behalf of Wyndham Vacation Ownership. Wyndham offers individual consumers and business-to-business customers a broad suite of hospitality products and services through its portfolio of world-renowned brands. Wyndham Vacation Ownership has a substantial presence in Hawaii through its Wyndham Vacation Resorts, WorldMark by Wyndham and Shell Vacations brands.

Wyndham **opposes** the proposed increase of the real property tax rate for timeshare from \$14.31 to \$15.43 per \$1,000.

The timeshare industry provides significant revenue streams to the state and county that support Hawaii's economy through taxes. In 2016, timeshares paid approximately \$25.2 million in taxes to Maui County, of which 45.5% or approximately \$11.3 million were real property taxes.

Timeshare continues to be the highest assessed real property tax classification by far in Maui County, providing far greater tax revenue for the County than any other classification, including the Hotel & Resort and Homeowner classifications, without any justification for the disparate treatment. Currently, timeshare pay \$5.60 per \$1,000 net taxable assessed valuation more than hotels and resorts.

Gary M. Slovin
Mihoko E. Ito
R. Brian Tsujimura
C. Mike Kido
Tiffany N. Yajima
Matthew W. Tsujimura

Page 2

The proposed increase would unfairly single out timeshare and add to the financial burden placed on timeshare owners, who already pay the transient accommodations tax on timeshare. Also known as the "transient occupancy tax" or "TOT," Hawaii is the only state in the nation that taxes owners of timeshares for occupancy of property they already own.

The timeshare industry contributes significantly to the County and State by creating and sustaining jobs, and by supporting important infrastructure and construction upgrades particularly with respect to aging properties. In economic downturns, timeshares can stabilize the economy and mitigate potential adverse effects on the community. Timeshare owners, which often include kama'aina, are loyal and repeat visitors who have made long-term commitments to the islands. Raising the real property tax rate on the timeshare class would disproportionately impact the very industry proven as an economic driver for the State and County.

For these reasons, we respectfully oppose the proposed increase in the real property tax rate for the Timeshare category and ask the committee to take a more equitable approach to the real property tax proposal.

Thank you for the opportunity to submit testimony on this measure.

April 26, 2017

TO: Budget and Finance Committee
Councilmember G. Riki Hokama, Chair
Councilmember Mike White, Vice Chair

RE: Proposed FY 2017-2018 Budget – Real Property Taxes

RECEIVED
2017 APR 26 PM 4:23
OFFICE OF THE
COUNTY CLERK

Chair Hokama, Vice Chair White and Members of the Budget and Finance Committee:

ARDA-Hawaii is the local chapter of the American Resort Development Association, the national timeshare trade association, comprised of over 20 local members with 45 properties statewide and 22 in Maui. ARDA-Hawaii **strongly opposes** the proposed increase of the Timeshare Real Property Tax Rate (RPT) from \$14.31 to \$15.43 per \$1,000.

Hawaii's timeshares are an important component of our state and Maui's hospitality industry. According to the Hawaii Tourism Authority's report, for 2016:

- There were 296,153 timeshare visitors in Maui County in 2016
- This represented 11.0% of all Maui County visitors during the year
- Timeshare properties in Maui County reported total payroll of \$105.6 million in 2016, \$59.3 million for resort operations and \$46.4 million for sales and marketing.

Most importantly to this proposal, timeshare properties paid a total of \$11.46 million in real property taxes. ("Timeshare properties providing data paid a total of \$25.2 million in state and county taxes in 2016, of which 45.5% were real property taxes.")

<http://hawaii-tourism-authority.org/default/assets/File/research/Timeshare/Hawaii%20Timeshare%20Quarterly%20Survey%20Year%20End%202016.pdf>

Prior to 2005, timeshares in Maui were included in the resort/hotel property tax classification. If this proposal is adopted, the timeshare industry will have experienced an almost 100% increase in the property tax rate since 2005. The timeshare classification will pay a rate over \$6.00 more than what the hotel/resort category will pay in taxes, almost \$10.00 more than residential, and almost \$13.00 more than the homeowner classification.

For the past several years, ARDA-Hawaii and the timeshare industry have consistently provided the County, in both written and oral testimony, with numerous studies, statistics

and information on the local timeshare industry, the value it provides the County of Maui in jobs and revenue, and how it already pays more than its fair share of taxes.

While a real property tax system is supposed to be fair and equitable, the system as applied to timeshare owners in the County of Maui has not been fair and has been inequitable. We fail to see any reasonable or rational basis for applying a higher tax rate to timeshares than is applied to hotels, and especially not a rate that's almost \$6.00 higher.

Moreover, targeting one group of taxpayers disproportionately with a higher tax rates is unfair and discriminatory. When the Mayor submitted his 2018 Budget proposal, he also included an increase in the tax rates, but at least it was a uniform percentage increase for all classifications. The disparity between timeshare and other classifications would be greater under that proposal but at least the increase was proportionately equal. However, continuing, let alone increasing, the disparity between the timeshare rate and other rates in the County, without any reasonable justification, remains arbitrary and capricious. And to be clear, no reasonable justification has ever been provided. Again, both budget proposals ignore the enormous disparity between the various categories which already exists.

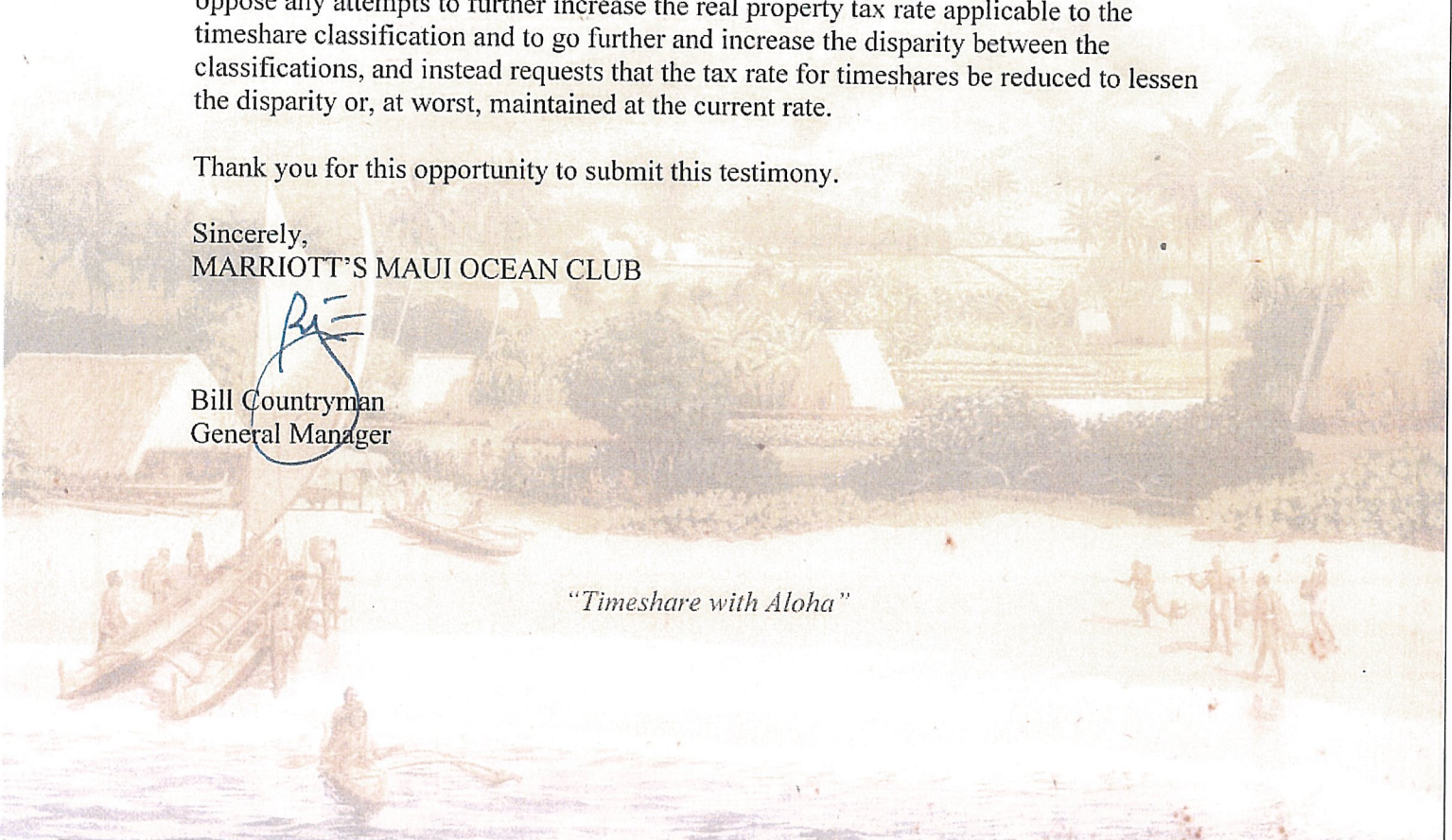
ARDA-Hawaii recognizes that the real property tax revenue is the most significant revenue source for the County and the largest revenue component in the General Fund. ARDA-Hawaii also acknowledges and appreciates the need to fund and maintain county programs, facilities and infrastructure. However, ARDA-Hawaii continues to strongly oppose any attempts to further increase the real property tax rate applicable to the timeshare classification and to go further and increase the disparity between the classifications, and instead requests that the tax rate for timeshares be reduced to lessen the disparity or, at worst, maintained at the current rate.

Thank you for this opportunity to submit this testimony.

Sincerely,
MARRIOTT'S MAUI OCEAN CLUB


Bill Countryman
General Manager

"Timeshare with Aloha"





Maui Hotel & Lodging
ASSOCIATION

May 12, 2017

Council Member Riki Hokama
Chairman, Budget & Finance Committee
Maui County Council
200 South High Street, 8th Floor
Wailuku, Hawaii 96793

Dear Chair Hokama and Members of the Committee:

My name is Lisa Paulson, Executive Director of the Maui Hotel & Lodging Association, the legislative arm of the visitor industry. Our membership includes over 175 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 25,000 residents and represents over 19,000 rooms. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

First, I would like to stand by my previous testimonies requesting a more equitable tax structure be considered. The hotel/resort and timeshare classifications are two of the highest tax rates for Maui County. It is likely in the future that we will have to turn to RPT in providing a greater share of funding to our County budget. MHLA respectfully requests that we look at creating a more equitable share in tax rates.

Secondly, it has been disheartening watching many testifiers call for the hotels and timeshares to take on even more taxes, without understanding that higher taxes can hurt our industry, our employees, our ability to renovate properties, and our ability to give back to the community. We are very proud to provide the following:

Jobs: We currently employ 40% of the Maui County workforce. This past year MHLA assisted with the HC&S Job Fairs and helped with finding placements for Makena employees.

Workforce development: MHLA provides resources and funding to support Academy's of Hospitality in Baldwin, Lahainaluna and Maui High Schools. We also provide Job Shadowing opportunities and a biennial Student Conference.

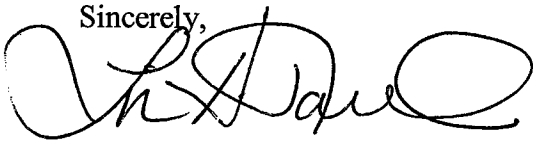
Partnerships with environmental/community groups: We work with many groups in helping to protect our environment. A report from one of closest partners, CORAL, is attached to this testimony as well as a list of other groups we work with.

Giving back to the Community: We host an annual Kupuna dinner where we honor 500 kupuna with a festive holiday dinner provided by our properties; Annual Rice Giveaway – 25,000 pounds of rice given away throughout Maui County; We distribute \$25,000 in scholarships every year to UH Maui college students and our AOHT students from 3 high schools; and lastly our Charity Walk – Maui County raised \$1.1 million dollars last year for 101 non-profit organizations. The monies raised by non-profits are matched by dollars from our hotels and allied businesses in the industry. Our walk is tomorrow and we are again hoping to reach that million-dollar mark.

We believe in investing in our employees, our environment and our community.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lisa H. Paulson', written over a horizontal line.

Lisa H. Paulson
Executive Director

Report from Coral Reef Alliance (CORAL)

Hawai'i has an ongoing tradition of Malama 'Aina, and examples of environmental sustainability can be found within businesses like the hotel and accommodation sector. CORAL has worked with Maui's hotels and shoreline properties over the last decade to help them implement sustainability practices on their properties that protect the environment. With an emphasis on protecting our oceans and marine resources, CORAL and our partners have worked with shoreline properties to reduce fertilizer and pesticide use through 'reef friendly landscaping' methods, encouraged the use of native Hawaiian plants, and installed 'rain gardens' that filter polluted storm water with plants before it reaches the ocean. A recent study by CORAL identified a substantial collective investment, and quantified the positive environmental benefits of 20 properties in West Maui over the past 5 years. Highlights include:

- \$19 million invested in projects that directly improve or protect the environment
- 277 acres of shoreline property under improved management through reef friendly landscape practices and employee training
- 19 low impact design projects installed that slow, filter, and sink storm water safely into the ground preventing it from polluting the ocean
- 35 million gallons of storm water per year effectively filtered through plants before reaching the ocean.

Maui hotels are also educating their guests about the sustainability work of their properties, and using their efforts to offer a value add to their guests. One hotel offered a 'botanical tour' highlighting Hawaiian native plants and another provided reef ID cards and disseminated information about the property's reef friendly landscaping program. While coastal development is a potential cause of ocean degradation, it's good to know that hotels in Maui are continuing to practice malama 'aina, and are working to lessen their impact and do their part to protect Hawai'i's unique natural environment. After all this is what visitors come to see in the first place!

MHLA Community/Environmental Group Partner List:

Coral Reef Alliance

- Forwarded event information (seeking employees to volunteer)
- Forwarded newsletters
- Participated in reef tour at Kahekili Beach Park with fellow hotel employee participants
- Visited Lahaina Wastewater treatment plant with Engineering group to discuss future of R1 (reclaimed water)

West Maui Kumuwai

- MHLA Engineer Group participated in Reef Friendly education event
- Forwarded community newsletters to membership

Continued on back

Hawaii Sea grant, UH Maui

- Participated in all day educational seminar and tour of Maui beach erosion with Maui Planning Department

Blue Aina Maui

- Supported program with monetary donation and participated in reef clean-up

S.E.A. LINK

- Forwarded communications for Invitation to "adopt" Environmental Stewardship and Ocean Safety Info Boxes at hotel properties

West Maui Greenway/Bikeway

- Participated in master plan meetings
- Assisted with HTA grant writing
- Forwarding communications to MHLA Membership about their events

Testimony regarding proposed Maui County property-tax increase

Dr. Marion Ceruti <ceruti@earthlink.net>

Mon 5/1/2017 6:20 AM

To: County Clerk <County.Clerk@mauicounty.us>;

Rev. Dr. Marion Ceruti
Treasurer, Kahana Reef Association of Apartment Owners
4471 Lower Honoapi'ilani Road 307
Lahaina, HI 96761

county.clerk@mauicounty.us

RE: Testimony regarding proposed property tax increase

Aloha County Clerk,

Mahalo for allowing the people of Maui County to comment on the proposed property tax increase.

Maui residents, property owners, and landlords already face numerous cost increases including but not limited to trash removal, utilities, maintenance, and safety assurance. The cost of living is already high in Hawai'i in general and on Maui in particular. We have no direct control over many of these cost-of-living increases. Some of us who own property and/or live on the Kahana Bay ocean front, also confront massive, and often recurring costs to maintain land and building integrity via sandbags and other more long-term methods to slow the relentless beach erosion that is taking place in our area.

The last thing we need is another tax increase, especially at this time. To increase financial resources available to Maui County, a better alternative is to pressure the State of Hawai'i to return to Maui County more of the Transient-Accommodation Tax that Maui landlords collect on behalf of the state. Since tourism is our primary industry and Maui is one of the main islands that attracts visitors, this is only fair.

Another alternative to forcing property owners to pay more, is to reduce the County budget to fit the resources available. If you spent less, you would need less tax money to balance your budget.

Finally, tax increases affect the poor people more than the wealthy because even long-term renters who live on Maui will have to pay higher rent when the landlords pass on their cost increases to their tenants.

In closing, please seriously consider other alternatives instead of this proposed property tax increase. The people of Kahana Reef strongly oppose it and some of us vote in every election.

E hana kakou,

Rev. Dr. Marion Ceruti
Treasurer, Kahana Reef Association of Apartment Owners

RECEIVED
2017 MAY - 1 AM 7:47
OFFICE OF THE
COUNTY CLERK

Real Property Tax Rates

Amy Stephens <rainbowcountrymaui@gmail.com>

Wed 5/10/2017 8:50 AM

To: County Clerk <County.Clerk@mauicounty.us>;

Aloha Council Members,

How can the Budget and Finance committee has approve the Maui County Budget, based on Real Property Tax rates that the council members and the public have had no input on? The people who live on Maui are struggling more than ever, bearing a larger portion of the burden of our tourism industry while services are cut. I am being asked to pay more for everything. The housing crisis is crushing families and forcing young and old to leave Hawai'i, to leave their families.

Maui has the lowest hotel Real Property Tax rates in the state. A modest Real Property Tax increase would still keep Maui's rate the lowest in the state and could ease the burden on the community, keeping families together. There would be funds to pay for better county services, housing solutions, and infrastructure improvements.

It seems that special interests have guided this decision not the best interest of the people of Maui. Please do what is Pono and support this modest tax increase.

Mahalo,

Amy Stephens

Napili

RECEIVED
2017 MAY 10 AM 9:16
OFFICE OF THE
COUNTY CLERK

Input for Friday's Hearing: Raise Hotel Real Property Tax Rates

Emma White <emmaharberwhite@gmail.com>

Wed 5/10/2017 9:12 AM

To: County Clerk <County.Clerk@mauicounty.us>;

As a Kahului homeowner and taxpayer, I support raising real property tax rates on hotels to pay for Maui County services and programs. We have the lowest rate in the state, and a raise of \$1.00 will not significantly impact the hotel industry. Tourism studies show the best for Maui, economically and environmentally, is to host only high-value/high-spending tourists. That way, Maui is not overcrowded and Maui road, nature, and safety infrastructure are not overburdened with low-paying tourists. Being a budget destination is not in Maui's best interest.

Raising the hotel property tax to be equal to our fellow islands is a good step in financial responsibility and sustainability for Maui.

Mahalo for your leadership and consideration,

Emily White

Maui voter, worker, and homeowner

--
Emma White, JD, MA

RECEIVED
2017 MAY 10 AM 9:16
OFFICE OF THE
COUNTY CLERK

Hotel property tax

mymoopuna <mymoopuna@hawaii.rr.com>

Wed 5/10/2017 9:27 AM

To:County Clerk <County.Clerk@mauicounty.us>;

I am so disappointed in you, Mike White, my family and many of my friends have voted for you year after year after year because we thought you were an upstanding and honest man who was actually looking out for the local people. I guess all of you power and position has gone to your head. How does it feel deep down whsn you look at yourself in the mirror. Just remember you are not infallible or invincible. WE, THE PEOPLE put you in office, and WE THE PEOPLE will take you out. Just because you run a hotel, that is not yours. Why shouldn't the tourists help pay for services for our people. SHAME ON YOU.

Sent from my Verizon, Samsung Galaxy smartphone

RECEIVED
2017 MAY 10 AM 9:45
OFFICE OF THE
COUNTY CLERK

Please Share With the Council

Jim and Jeri Caldwell <Jeri.Staley-Earnst@outlook.com>

Wed 5/10/2017 5:40 PM

To: County Clerk <County.Clerk@mauicounty.us>;

I am totally in support of raising hotel Real Property Tax rates by 50 cents or \$1.00 in order to pay for better county services, housing solutions, infrastructure improvements, and much more. Visitors far outnumber residents – and the hotels are making their money on those visitors. Also the visitors increase the need for county services and infrastructure. The homeowners on Maui should not have to pay for this.

I also want to register my complaint that this was ramrodded through without council or community input. Getting to be a little like Washington DC around here.

Jeri Staley-Earnst
Kula resident

RECEIVED
2017 MAY 11 AM 7:40
OFFICE OF THE
COUNTY CLERK