

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

MINUTES

October 17, 2019

Council Chamber

CONVENE: 9:02 a.m.

PRESENT: Councilmember Keani N.W. Rawlins-Fernandez, Chair
Councilmember Kelly T. King, Vice-Chair
Councilmember Riki Hokama, Member
Councilmember Tasha Kama, Member (in 9:04 a.m.)
Councilmember Alice L. Lee, Member (in 9:28 a.m.)
Councilmember Michael J. Molina, Member
Councilmember Tamara Paltin, Member
Councilmember Shane M. Sinenci, Member
Councilmember Yuki Lei K. Sugimura, Member (in 9:07 a.m.)

STAFF: James Krueger, Legislative Analyst
Yvette Bouthillier, Committee Secretary

Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Mavis Oliveira-Medeiros, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Scott K. Teruya, Director, Department of Finance
Marcy Martin, County Real Property Tax Administrator, Department of Finance
Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel
David Galazin, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: Michael Williams
Jason Economou, Government Affairs Director, REALTORS® Association of Maui
Jasee Law
Others (5)

PRESS: Akaku: Maui Community Television, Inc.

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CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Aloha kakahiaka kākou. O ka hola `eiwa...e kala mai. `Elua minuke i ka hala o ka `eiwa ma `umikūmāhiku okakopa i ka makahiki `elua kaukani umikamaeiwa. E `olu`olu mai, e ho`omalua ke Komike Ho`omohala Waiwai me Mo`ohelu Kala. `O wai ka Iku Ha`i o keia komike, Keani Rawlins-Fernandez. It's 9:02 on October 17, 2019. Will the Economic Development and Budget Committee please come to order. I'm your Chair Keani Rawlins-Fernandez. I keia lā, me ko kākou eia, Committee Vice-Chair and Council Chair Kelly King.

VICE-CHAIR KING: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Member Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Member Mike Molina.

COUNCILMEMBER MOLINA: Aloha kakahiaka. Mahalo nui loa, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. No`u ka hau`oli. Member Alice Lee will be joining us shortly. Member Riki Hokama.

COUNCILMEMBER HOKAMA: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. Member Tamara Paltin.

COUNCILMEMBER PALTIN: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. And Member Yuki Lei Sugimura will be joining us shortly, and Pro Temp Kama as well. Okay. From the Administration, we have with us Finance Director Scott Teruya.

MR. TERUYA: Good morning, Chair.

CHAIR RAWLINS-FERNANDEZ: Good morning. Real Property Tax Administrator Marcy Martin.

MS. MARTIN: . . .*(inaudible)*. . .

CHAIR RAWLINS-FERNANDEZ: Aloha. Mr. Jeff Ueoka.

MR. UEOKA: Good morning, Chair.

CHAIR RAWLINS-FERNANDEZ: Good morning. From the Corporation Counsel, we have David Galazin.

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MR. GALAZIN: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. And our Staff, we have with us James Krueger.

MR. KRUEGER: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. And Yvette Bouthillier.

MS. BOUTHILLIER: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. Okay, okay. So, Members, we have one item on today's agenda, EDB-37, County Property Tax Reform. And before we start public testimony, I will say aloha kakahiaaka to Pro Temp Tasha Kama.

COUNCILMEMBER KAMA: Aloha kakahiaaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaaka. Okay. So, okay, looks like we have our community here to testify. To testify, please sign up at the desk outside, as you both know. Testimony will be limited to three minutes, and when testifying please state your name and the name of any organization you may be representing. If you're a paid lobbyist, please inform the Committee. We have established a connection to the Council District Offices and we'll first check in with them for testifiers. Molokai Office is closed today. There was a family emergency, and so we posted a note on the door that if there were any testifiers, that they would call my cell phone, and then I would put them on the mic. I doubt there'll be any testifiers today from the Molokai Office. But if my phone rings, I'm going to answer it and put them on the mic. Okay, okay. At the Hana Office, aloha, Ms. Mavis Oliveira-Medeiros. Do you have anyone wishing to testify?

MS. OLIVEIRA-MEDEIROS: Aloha kakahiaaka, Chair. There is nobody here waiting to testify. This is Mavis.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay, and at the Lanai Office, Ms. Denise Fernandez, aloha. Do you have anyone wishing to testify?

MS. FERNANDEZ: Good morning, Chair. There are no testifiers at the Lanai Office.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay. And Molokai Office. We have two testifiers here that signed up. We'll get you, Jasee. Okay. And before we go to the testifiers in the Chamber, I'll recognize Member Yuki Lei Sugimura, aloha.

COUNCILMEMBER SUGIMURA: Good morning, aloha.

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CHAIR RAWLINS-FERNANDEZ: Good morning. Okay. Mr. Krueger, will you please call our first testifier in the Chamber?

MR. KRUEGER: Aloha, Chair. The first person signed up to testify is Michael Williams, testifying on Agenda Item EDB-37, to be followed by Jason Economou.

. . .BEGIN PUBLIC TESTIMONY. . .

MR. WILLIAMS: Good morning, Chair, Councilmembers.

CHAIR RAWLINS-FERNANDEZ: Good morning.

MR. WILLIAMS: My name is Michael Williams. I'm testifying on my own behalf today. I have provided a two-page summary of my intended testimony. And let me just launch right into it. I think that these two reforms that you're considering are the most important and beneficial changes to the property tax system in this County for many, many years. The first one creates value tiers, and the second one creates a way to incentivize long-term rentals. You can decide later, of course, how much of an incentive to give and over the years, you may learn how to use these two new tools a lot better. You're not going to get it all right the first time. But it gives you two great tools to use. I have almost nit-picky things about the second longer bill. The first thing is I didn't understand why you need to retain the Apartment class at all because if an apartment building is condominiumized, each owner of the unit is going to be classified either as Owner-occupied, Non-owner-occupied, or Short-term rental, the legal short-term rentals that many apartments have. And then on the other hand, if the building has a single owner and it's not condominiumized, then you can just call it Non-owner-occupied. However, I talked to Marcy Martin about this just a few minutes ago, and she explained there are four or five buildings in the County that have multiple units, single owner of the building and multiple units. So, you may just want to rename the class to single, you know, single-owner building...apartment buildings or something, 'cause there's only four or five buildings I think that fall into this class. But anyway, that was just...to me it was a little confusing as to why you needed to preserve the Apartment class at all. The second point I have is that it looks like to me you...the bill as drafted requires market-rate, long-term rentals to meet the affordable housing rules...the affordable housing rent guidelines because if you look at 3.48.368.B3, they both say meet the affordable rental guidelines. And I don't think you intended that for market-rate rentals. I mean it looks to me like just a drafting mistake. Maybe I'm missing something. But that's what it appears. My third point is that in the Section 3.48.368.B4, you try to deal with the issue of when there's perhaps two dwelling units on a parcel that are both

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long-term rentals and the language doesn't allow you to distinguish between maybe someone who has a short-term rental and a long-term rental on that property. And I don't think the language is clear enough to make that clear what you intend to do. Then the fourth point I have is that the amnesty program you're creating for unpermitted dwellings, I think is fine. I think that's a good idea. And the way you've drafted it, it applies only to affordable long-term rentals which I also think is fine. But if you read the very next paragraph J, the paragraph that gives the amnesty program is 3.48.36.I [sic].

CHAIR RAWLINS-FERNANDEZ: Mr. Williams, will you please...

MR. WILLIAMS: Point 363.I [sic]. And then you go to J and it's not...it wasn't clear to me until I read it about three or four times.

CHAIR RAWLINS-FERNANDEZ: Mr. Williams, will you please conclude?

MR. WILLIAMS: Huh?

CHAIR RAWLINS-FERNANDEZ: Will you please conclude your testimony?

MR. WILLIAMS: Okay.

CHAIR RAWLINS-FERNANDEZ: Thank you.

MR. WILLIAMS: I think that you need to add some language there that says you mean that the...that Paragraph J applies to both types of long-term rentals, affordable and market. And then the final point I have is I really believe you should add the income approach to the method of evaluation.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo.

MR. WILLIAMS: And I've provided all of you with long explanations of why that should happen.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Williams. Okay, Members, do you have any questions for our testifier? Okay. Oh, Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. And thank you, Mr. Williams, for your dedication to this subject. I just was wondering on your number one on the Apartment zone, is that taking into consideration of new apartments yet to be built that you still think it's unnecessary?

MR. WILLIAMS: Well, apartments are either going to be condominiumized and taxed each unit as one owner. And then they'll fall into...they'll either be Owner-occupied, or they'll be legal Short-term rental, or they'll be

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Non-owner-occupied. It's only the apartment buildings that have a single owner and they're all rentals that seem to be...

COUNCILMEMBER PALTIN: The part about the Non-owner-occupied apartments, are you saying that those should be taxed more, or taxed less?

MR. WILLIAMS: No, they'd fall under your Non-owner-occupied class and they'd be taxed the same as a single-family home that is Non-owner-occupied.

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Member Sinenci, then Chair King, and then Member Molina.

COUNCILMEMBER SINENCI: Thank you, Chair. Thank you, Mike, for being here. You mentioned the income method in number five. Would that be people would have to submit their tax records?

MR. WILLIAMS: The way I think you should start it, and what I proposed in some draft bills I presented to you in written testimony before, is you only would ask for financial records about the revenue and expenses on a given property if the owner of a income-producing property appealed their assessment. What happened in Hawaii County, they had an audit by the National Association of Appraisers, I forget the name of the group, and they were surprised that Hawaii County didn't have the income approach. So, they recommended that they add that. And Hawaii County did that a few years ago. And I talked to their real estate director, the appraisal director, and she told me that so far the only time it's been beneficial was one of the Hilo area resorts appealed their valuation. And so the county sent them a letter said please give us your revenue records, and they dropped the appeal. So, I think just having that tool in your toolbox would be worth it. Long term, I actually believe, for example, the car rental agencies, I think they're undervalued now. If you use the income approach for them, I think they'd be worth a lot more. I think...I don't know how they currently assess those but they should be assessed. If you're leasing government property, which they are, you're supposed to assess them as if they owned the property. But I don't know how you...I think the income approach might make them a lot more valuable. And in the long run, you may find that some of the hotels change hands so infrequently that the market approach or the cost approach is not a good way to assess them, and you do need to go to the income approach. And then you would have to add a provision that you're talking about of requiring them to submit their financial records ahead of time. But I don't think you need to go that far now.

COUNCILMEMBER SINENCI: Thank you.

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CHAIR RAWLINS-FERNANDEZ: Mahalo, Member --

COUNCILMEMBER SINENCI: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: --Sinenci. Chair King?

VICE-CHAIR KING: Thank you, Chair. I think we're doing a good job of covering all your testimony, Mike. So, I got a different item I wanted to ask you about, was to clarify on the second one on the, you know, where we're trying to give an incentive for long-term rentals. And you say we definitely want to be able to give an exemption to market-rate, long-term rentals, too. And so, I just kind of wanted to get your thoughts on whether that might, you know, keep people from doing affordable rates if we...if they can charge market rates and still get the tax exemption, because I think the goal is to incentivize people to do long-term rentals but at a more affordable rate than what we have now because a lot of the long-term rentals now are so, you know, I mean I don't know what you call market, but what I'm hearing what the market is, is pretty over bloated from what it was like when I was, you know, in the rental market looking for rentals as a single person.

MR. WILLIAMS: I think you want...you clearly want to give a big incentive to people who rent long-term at affordable rates. And Hawaii County does that already. But I think you also want to incentivize all long-term rentals. So, what you would do is you would have a larger exemption for the affordable rentals and a smaller exemption for the long-term rentals.

VICE-CHAIR KING: Okay.

MR. WILLIAMS: And again, you...it's going to be hard to know how to do that the first year or two. It's going to take a while to figure this out.

VICE-CHAIR KING: Right. It's a good start. We have to start somewhere. But thank you for your...thank you for your assessment. I really appreciate you being here in person, too. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Member Molina?

COUNCILMEMBER MOLINA: Thank you, Madam Chair. My initial question was related to what Member Sinenci asked of Mr. Williams. But the other question is following up on your response to Chair King with regards to Hawaii County and their incentives for those who do affordable rentals. What...can you go into a little bit detail what their tax incentives are for landlords who do long-term rentals?

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MR. WILLIAMS: They ask the property owner to submit an affidavit or a declaration once a year and swear that they're charging no more than a set rate. I don't think they use the whole array of rates that is in this bill. But they created...and I then they I believe, they set a lot lower rate for those people. Either that or they give them a big exemption. I don't remember which. I haven't looked at that in a while. But it's in the Code of Hawaii County. And I...the Director of the Real Estate Division told me that it was working. They didn't think they were having people cheat or, you know, it wasn't a problem to administer.

COUNCILMEMBER MOLINA: Oh good. That's good to know. Thank you. Thank you, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Okay. Seeing no other questions, thank you so much for your testimony --

MR. WILLIAMS: Sure, thank you.

CHAIR RAWLINS-FERNANDEZ: --and your passion about this issue. Okay. Mr. Krueger, will you please call our next testifier?

MR. KRUEGER: The next person signed up to testify in the Chamber is Jason Economou, testifying on Agenda Item EDB-37.

MR. ECONOMOU: Good morning, Chair. Good morning, Members.

CHAIR RAWLINS-FERNANDEZ: Good morning.

MR. ECONOMOU: Thank you for the time. I've submitted some written remarks when the TIG's report first came out. So, I'll try and keep this brief and just touch on what's going on today. I'm speaking on behalf of the REALTORS® Association of Maui. This went before our board. We did the whole thing. So, I have authority to speak. I want to touch on a few things. First, I want to start off with praising you guys. The dedications for long-term rentals and long-term affordable rentals and the incentives that go along with that, I love that. The amnesty portion of that bill is excellent. My critiques are very similar to what Mr. Williams had said. One of my overarching critiques that he didn't touch on was this ten-year dedication period. With how quickly things move in this economy and with the fact that this is going to take some trial and error in figuring out the incentives and how to administer...sorry, administer it, we shouldn't force people into a ten-year dedication period. I think an ideal form would be annually, year-to-year. This way you can make the changes that you need to as you're sorting it out. Less than optimal would be three years. I wouldn't go beyond five years just because of the economic uncertainty that goes beyond five years, asking people to dedicate their properties for that sole

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use. It's not very fair to the property owners. What I would also say, regarding the HUD guidelines for the long-term rentals, so if you have the long-term affordable rentals, give people the incentive. But the additional incentive is that they can use the HUD vouchers to pay for the rent. With long-term rentals, a lot of times even if they are at a lower rate, people don't go by the HUD standards because their properties might not qualify for the HUD standards. So, we still want those properties to be in the inventory for long-term stock. And we still want to incentivize those owners for offering those up. But if they can't meet those HUD guidelines, then those are out of the inventory for both of those purposes, unless the owner doesn't want to get a tax benefit from it. So, that's my feedback with that. The income approach is a slippery slope. A lot of people on Maui might have money from inheriting it, or they might have money from jobs that they work hard at and work their way up. But they live a humble lifestyle. And they live a humble lifestyle by choice. If we move beyond commercial purposes for this income-based tax rate, then we're suddenly going to be looking at everybody's income to figure out how we can get more money out of them to pay for the things that we like. So, that's...it has the threat of being inequitable, same with the tax tiers. I worry that that's ripe for abuse. I understand the idea behind a progressive property tax. However, I would say we already charge people based on their assessed value of their property. So, you are already paying more in taxes if you have a more expensive property. We don't need the tax tiers to accomplish that. More in whole numbers, not in percentage-wise. I can see that look on your face. And if I may, this is a personal thing. On behalf of me, golf courses. If a golf course is dedicated, and it doesn't live up to its dedication, it pays a 6 percent penalty. Whereas, everybody else, Agricultural, Residential, if they don't live up to their dedication, they're paying a 10 percent penalty. That just seems inequitable. Why do golf courses get preferential treatment? They have more money than me. So, those are my main points.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Economou. Okay. Members, questions? Member Sugimura, and then Member Paltin.

COUNCILMEMBER SUGIMURA: Thank you. Thank you for being here. And on the tax tiers, you kind of like whipped through it.

MR. ECONOMOU: Yes.

COUNCILMEMBER SUGIMURA: So, can you explain a little bit more your concerns 'cause it's a important part of this document?

MR. ECONOMOU: Yeah, so I don't want to criticize the tax tiers too harshly before understanding fully what the tax tiers are going to be. You know, this document that was released for today's meeting, it outlines the tiered system a bit better than the previous document. But even still it doesn't really express

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what the different rates are going to be, what the property values are. You know, to lob actual constructive criticism at the tax tiers, I would need a lot more information as far as the levels and what those jumps and percentages are going to look like. My one issue, though, is it really is more equitable for everybody to be paying the same tax percentage, whether we're talking about property tax or income tax. I mean, a 10 percent tax is a 10 percent tax across the board. That sounds fair. That's in line with our values. But to say, you know, you have this property that's far more expensive so I'm going to tax you at a much higher percentage rate just because you're, you know, let's say \$10,000 above the Tier 2. That seems pretty inequitable and somewhat arbitrary. And it just seems like a way to punish rich people, which I get it. I'm not a rich person, so I understand the temptation there. But that's not really necessary especially when we have a lot of properties on Maui that are high value, and the property values are just going up. And that's beyond a lot of owners' control.

COUNCILMEMBER SUGIMURA: So, you support one rate is what you're saying --

MR. ECONOMOU: I do.

COUNCILMEMBER SUGIMURA: --not the tier? Okay. Thank you.

MR. ECONOMOU: Yeah, and a low rate, you know. If we're being honest, I support a low property tax rate for residents, you know, that's, that's it, so.

COUNCILMEMBER SUGIMURA: Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sugimura. Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Economou, for being here and your diligence on this subject. I was wondering if you could clarify. I didn't understand what you were saying about the HUD and keeping that in.

MR. ECONOMOU: Yeah, so as Mr. Williams had pointed out, in the language of the bill it says that both for long-term affordable rentals and long-term rentals, they need to meet the HUD guidelines as far as standards of living. The HUD guidelines for the standards of occupancy, you know, what is livable are a little bit higher than a lot of folks are accustomed to. I mean even the notion that, for instance, louvered windows, it's common that a house might have a hard time getting HUD approval if it has louvered windows because louvered windows can't really be locked. So, you're going to be removing the incentive from properties that have units that might not pass HUD guidelines but might've been occupied by residential renters for decades now.

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COUNCILMEMBER PALTIN: Would there be an alternative criteria that you were...I mean were you suggesting just no criteria?

MR. ECONOMOU: You know, for long-term rentals to cut down on the cost of actually administering the program, what I would recommend is you just use a real property lease. If somebody has a residential property lease that they've been using, that should be proof that it's being used for residential purposes. I mean it's a legal and binding contract. And that would...

COUNCILMEMBER PALTIN: You mean like a tenant- --

MR. ECONOMOU: Yeah.

COUNCILMEMBER PALTIN: --landlord lease is what you're talking about --

MR. ECONOMOU: Yes.

COUNCILMEMBER PALTIN: --as a way to see that the place meets certain standards, but below HUD...or maybe not HUD guidelines, but just a rental lease would be what's good enough is for you is what you're saying?

MR. ECONOMOU: For the real property tax purposes, yes.

COUNCILMEMBER PALTIN: Okay. Thank you.

MR. ECONOMOU: Yeah, I mean health and safety standards are something beyond the scope of real property tax. So, I think that should be handled separately.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Paltin, pau? Or, you had more questions?

COUNCILMEMBER PALTIN: Yeah, that was it for now, thanks. I got hung up on that one, and I didn't understand.

MR. ECONOMOU: Oh, sorry. You can feel free to e-mail me or call with any follow-up questions.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Paltin. Chair King?

VICE-CHAIR KING: Thank you, Chair. And thank you, Member Paltin, for that question 'cause I had a question, that same question, so I was...it's a lot clearer to me now what you were saying. And the other question I had was just on the...your comment on the tiers because Oahu has tiers right now. Do you know if that's working? Have you talked to anybody over there to see if that's working for them?

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MR. ECONOMOU: No, actually I haven't gotten the feedback from them as far as how their real property tax tiers are working.

VICE-CHAIR KING: Okay. 'Cause I think it's been more than, you know, it's been a couple of years now that they've been doing that. So, I just wondered if you had any feedback from your fellow members over there on Oahu.

MR. ECONOMOU: I can follow up with them.

VICE-CHAIR KING: Yeah, that might be helpful. But I appreciate you being here, and I appreciate all your input. Thank you.

MR. ECONOMOU: Of course. Thank you.

VICE-CHAIR KING: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Okay. Seeing no other questions, mahalo nui for your testimony, Mr. Economou.

MR. ECONOMOU: All right. Thank you for your time. Take care.

CHAIR RAWLINS-FERNANDEZ: And for coming today. Okay. Mr. Krueger, will you please call our next testifier?

MR. KRUEGER: Chair, there's no one else in the Chamber signed up to testify. But we do have a constituent who is indicating they would like to testify.

CHAIR RAWLINS-FERNANDEZ: Okay.

MR. LAW: I would like to testify.

CHAIR RAWLINS-FERNANDEZ: Okay. Aloha, Mr. Law.

MR. LAW: How do you say good morning in...

CHAIR RAWLINS-FERNANDEZ: Please identify yourself for the record.

MR. LAW: How do you say good morning? What's your good morning for today?

COUNCILMEMBER LEE: I haven't gotten to my seat yet. . . .*(inaudible)*. . .

MR. LAW: Aloha kakahiaka --

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka.

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MR. LAW: --Ms. Rawlins-Fernandez and hello, everybody. Good morning. Thank you for putting this on your agenda item 'cause if I tried to go to the...whoever's in charge of the churches on Maui, somebody will probably say you got to go to the State, then you got to go to the Federal. So, I don't really want to go there. I think we can handle it on Maui. I just wanted to talk about the...oh, I'm Jasee Law from Kula for the record. I'm speaking on behalf of my friend, Carl, especially. He was a hard worker all his life and he had a little thing called alcoholism that messed him up. And a woman messed him up too, but we won't go there. . . .*(inaudible)*. . . There's two Christian churches in my town of Waiakoa. And at both churches if Carl decided to take a nap on the lawn, they would call the police on him really quick. So, I would like someone to take a look at the rules and regulations of what a church is supposed to be for the community. I've spoken to my representative, Yuki Lei, several times about this, and I know she's pretty busy. And she probably has talked to the people that run the place if possible to find out who runs it. But I can name two of 'em which is...

CHAIR RAWLINS-FERNANDEZ: Mr. Law, is this connected to the item on the agenda?

MR. LAW: Yeah, property tax reform. Yeah, I can name two of the guys, Art Ventura and...that's in charge of one of the churches. And Joe White is the other guy that's in charge of that one church. Well, they're not in...I don't know who put 'em in charge. I don't really recognize them as being in charge but you know. And then there's another...and then a preacher, I give him a pass. But his name is Arellano, Adondee. He's from the Philippines and one time I talked to him before they told me I wasn't allowed on the property. He said that he doesn't have to go to court. So, he's kind of misguided as far as like the rules and regulations of the whole thing. So, yeah, there's other people in my neighborhood that need help, too. Yuki Lei also tried to help with them but they don't...any time...they're kind of scared to go to the church 'cause if they ask for help, then they say no, then it becomes like a personal thing with them. And they always send you down to the valley. And we all know that there's some poor people that need a lot of help around here. And I don't want to say the H word. I use home-blessed people. So, yeah, I appreciate if you guys have more. And I'll do the best I can to make them more accountable. And I appreciate it if you guys do, too.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Law.

MR. LAW: And the other preacher's name is Eli Joaquin from the other Christian church up there.

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CHAIR RAWLINS-FERNANDEZ: Okay. Seeing no questions, mahalo nui for your testimony this morning. Okay. Mr. Krueger, did anyone else testify...sign up to testify?

MR. KRUEGER: Chair, we don't have anyone else signed up to testify.

CHAIR RAWLINS-FERNANDEZ: Okay. All right, seeing no other testifiers...oh, before I close public testimony, I recognize Member Alice Lee. Mahalo for joining us.

COUNCILMEMBER LEE: Madam Chair, from Ireland, dia dhuit, dia dhuit. And I apologize for being late but as you know, we are planning our holiday party in December. And Kate along with Michelle, Lois, and I are going to be leading the holiday medleys at the party. And so I was feverishly looking for my book so I can play the ukulele. And I found it, *Ukulele for Dummies*. I got it. I'm ready. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee, for your passion to...for the festivities, future festivities. Okay. Okay. So, Members, if there aren't any objections, we'll now close public testimony.

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo. Public testimony is closed.

. . .END OF PUBLIC TESTIMONY. . .

ITEM 37: COUNTY PROPERTY TAX REFORM (MISC)

CHAIR RAWLINS-FERNANDEZ: Okay, okay. Members, we have on our agenda the one item, EDB-37, County Property Tax Reform. All right, okay. So, we...Staff is now distributing the two bills that were posted on Granicus. And I think also the newest one, yeah. Okay, okay. So, the newest one, it's more fine-tuned than the one that was posted. Okay, where we at? There, okay. And on the bottom of the ones that were posted, it'll look like this. So, these are the bills that are...that were posted on Granicus, has the cover on it. And the newest version of Article VII will have a stamp on the bottom that says, meeting on October 17, 2019. And then I put a star on it just because I know there's a lot of copies. And then that way it doesn't...I don't get confused by which copy we're following.

UNIDENTIFIED SPEAKERS: We don't have a star.

CHAIR RAWLINS-FERNANDEZ: Oh no, I just made a star for myself. So, if you would like to make your own star, you're welcome to. Yeah, okay.

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VICE-CHAIR KING: So, Madam Chair, so the two documents that were just passed out are what we're working off today? We just got two documents.

CHAIR RAWLINS-FERNANDEZ: Yeah.

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: So, the one that has the cover, we're going to look at Article X.

VICE-CHAIR KING: Oh, Article X.

CHAIR RAWLINS-FERNANDEZ: And the one that was just distributed that says Article VII that I put a star on that has on the bottom, meeting on...received at EDB meeting on October 17th --

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: --that will...that's the newest draft of Article VII.

VICE-CHAIR KING: Okay. Got it, thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Good? Okay. Okay, okay, where're we at? Okay, okay. We're going to start with Article X and that again, that's the one that was posted. On this copy from the last meeting, we achieved a consensus on this bill. After that meeting, we worked with the Department to fine tune the language in 3.48.561, Tax Rate Tiers, B. Okay, so this language was already posted. So, everyone had an opportunity to review it, and I'll just read it into the record so everyone is following, and then we can move to the next bill. *To establish progressive property taxes and notwithstanding any provisions to the contrary, there must be three equivalent or ascending tiers of tax rates for properties classified as owner-occupied, non-owner-occupied, short-term rental, and commercial or industrial. The tiered rates apply to three corresponding ascending ranges of property values. The rates, tiers, and value ranges are set forth in the annual budget.* Okay, anyone have questions or comments? Consensus?

COUNCILMEMBERS: Consensus.

CHAIR RAWLINS-FERNANDEZ: Still consensus? Okay, good. Okay, we're going to put that on the side.

COUNCILMEMBER SUGIMURA: Can I ask a question?

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CHAIR RAWLINS-FERNANDEZ: Sure. Member Sugimura?

COUNCILMEMBER SUGIMURA: So, we're changing...

CHAIR RAWLINS-FERNANDEZ: Oh, can you speak into the mic, please?

COUNCILMEMBER SUGIMURA: Oh, sorry. What happened to Homeowner? The category Homeowner.

CHAIR RAWLINS-FERNANDEZ: It's Owner-occupied.

COUNCILMEMBER SUGIMURA: It's...you're changing it.

CHAIR RAWLINS-FERNANDEZ: Uh-huh.

COUNCILMEMBER SUGIMURA: And Residential also?

CHAIR RAWLINS-FERNANDEZ: Will either be Owner-occupied or Non-owner-occupied.

COUNCILMEMBER SUGIMURA: Is that going to be clarified with the general public? Everybody's used to certain terminologies. Why are we changing terminologies?

CHAIR RAWLINS-FERNANDEZ: Yeah, we're working with the Finance Department to figure out the education component of it.

COUNCILMEMBER SUGIMURA: And what would that be? Or how are you planning on doing that? Because when you make changes like that and if people are used to for I don't know how long we've been using it, all of a sudden we change it. What is the clarity on it to make the change or the idea behind it?

CHAIR RAWLINS-FERNANDEZ: I think it's...okay, I don't want to misspeak. Ms. Martin, would you be able to answer that now? Or...

MR. TERUYA: Chair?

CHAIR RAWLINS-FERNANDEZ: Okay. Director?

MR. TERUYA: Thank you, Chair. Just a comment from Administration and Mayor's Office. I guess there is, will be confusion. I mean when we do the tiered rates, we're going to get a lot of comments from the public. I know people are going to get a very difficult time understanding that. It, coupled by changing the names of Homeowner and Residential to Non-owner and Owner-occupied, further confuses people as well. A recommendation, although it's up to this body, it'd be great if we could keep a Homeowner a Homeowner. I know the Mayor is very

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supportive of keeping the classification title Homeowner to Homeowner. He is not in favor of changing the Homeowner name to Owner-occupied, as well as the Residential to Non-owner-occupied. It's just...he would prefer to it just remain the same, as well as...I think the Mayor is not of...had some concern about consolidation of Commercial and Industrial as well because he feels they're very two different entities. Chair, as far as...and also of concern is maybe applying the tiered rates to the Commercial and Industrial properties from the Mayor's standpoint. Other than that, he's open to the tiered system, especially for the Residential end. I believe he's supportive of the Owner-occupied having tiered rate structure, as well as the Residential. I think that's all for now, Chair. It was just more the feeling of change. Even though it's just a title, a lot of people will get confused. I know at the end of the day, the Real Property Tax Division will get the brunt of the calls because people are not going to understand the changes. And that's just...I mean change is change. But at the same time, there'll be a lot of questions for the Department. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director. Okay, Member Paltin, and then Member Lee.

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

COUNCILMEMBER SUGIMURA: I'm not finished.

CHAIR RAWLINS-FERNANDEZ: Oh, you're not finished?

COUNCILMEMBER SUGIMURA: Yeah, so...

CHAIR RAWLINS-FERNANDEZ: Actually...okay, do you have questions about the classification names or the tiers? Because if it's not like specifically regarding this portion, I'd like to move to the next bill which has the classifications.

COUNCILMEMBER SUGIMURA: Okay, so then you would just change this at the next section then? Okay, I'll wait.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SUGIMURA: I'll wait.

CHAIR RAWLINS-FERNANDEZ: Member Paltin, was your question directly related to this section?

COUNCILMEMBER PALTIN: I guess it's about the titles, or the names about Owner-occupied, Non-owner-occupied and that part of it, if that's what we're on.

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CHAIR RAWLINS-FERNANDEZ: Okay, that's going to be the next bill --

COUNCILMEMBER PALTIN: Okay.

CHAIR RAWLINS-FERNANDEZ: --with the classifications so we can...I'll call on you and then you can ask your question about that. Member Lee, did you want to talk about the tiers?

COUNCILMEMBER LEE: I don't know. I just wanted to talk about...in general, Mr. Teruya, haven't you been conferring with the Mayor all along? I mean, you know, we've been working on this for some time. And you mean only now he has an opinion on this?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Thank you, Chair. I haven't spoken to the Mayor the entire time of the TIG. He was supportive of the ability to do the tiered rates, that's for sure. Just recently he has told me his concern about the Commercial/Industrial. But the rest he is supportive of. He hasn't...and we haven't even run numbers as to what properties and the effects are. So, we haven't run that yet. But as far as the rest of the three that you guys have noted here, he is supportive of that. It's just the concern of Commercial/Industrial being tiered.

COUNCILMEMBER LEE: Okay, so that probably is more of a challenge in the names themselves to me is because if...let's say if we stayed with Owner-occupied, for example. I mean write in parentheses, formerly Homeowner, you know. Or, a list of what that includes. So, there are ways to educate the public about...you know change is inevitable for everything. So, you know, people can adjust to name changes, et cetera. So, I don't see that as a problem. But maybe when you're trying to separate what we had thought was an established category, that may be more of a challenge. Thank you, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee. Okay, Chair King?

VICE-CHAIR KING: Thank you, Chair. I just wanted to thank Member Lee for her comments. But also I agree that change is hard. I was just at a housing summit put on by U.S. Senator Schatz and the Mayor of Kauai said, everybody wants something new and better, but nobody likes change. And so, I think we have to get over this idea that we can't make change because it's too hard because, you know, it'll take a period of everyone getting used to it. And at some point it becomes the norm. But I think the TIG worked really hard on this, you know, especially the tier issue has been coming up every year I think at least the past three years that I've been on this Council. And you know, we're finally getting to a point where we've done some research on it and are

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making these moves. So, I would like to support, you know, where we're at right now with this Article X and not be so afraid of change but understand that we, A, want...have to make a concerted effort in outreach and public education. And B, that we may make a mistake or two in the first year or something may come up, unintended consequences will rear their ugly head and we have to deal with them as we...as they arise. But we're never going to move forward if we're just too afraid of that happening, so. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Okay, Member...Pro-Temp Kama?

COUNCILMEMBER KAMA: Thank you. Thank you, Chair. I like what's written here. And I think that we're a brand-new Council. And we're going to do brand-new things. And I think people are learning all about us nine, or ten if you count the Mayor. And what our characters are and what our passions are and some of our shortcomings. And so, the stuff that we're doing today is...I think should be expected from us. We're just ten people trying to do the work to satisfy all of our people here in our County. So, but...so, if we're going to do changes, we're going to do changes. We just need to agree that that's what we're all going to do. So, thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro-Temp Kama. Member Hokama?

COUNCILMEMBER HOKAMA: Chair, I thank you for your hard work. Again, my question is more about how you wish to approach this legislation? 'Cause sometimes I'm thinking we're getting into the weeds when we still didn't get the overall understanding from your conceptual. . .*(inaudible)*. . .overall perspective first. And I would agree. I'm open to the change. But then tell me, what am I trying to fix with the change? What is the improvement we're seeking? What is broken that we are going to make these adjustments? That is the question I'm being asked. What is broken that you guys trying to fix? I have no answer at this time. So, I ask that to this Committee. What is broken that we're trying to fix, so those that are watching and following us can understand why we're going through these proposals and looking at changing classification titles and looking at tiers. I think tiers is something that we've come to terms with, in general, as another way to bring equity to certain classifications. We've seen Oahu do it. So, I would agree, Chair, we have experience to learn from and that's great. I think there's also things though that we need to let the community know, and I agree with you, we have been lacking in taxpayers' education of what is out there. Because I always felt we did things for the long-term lease renter. And so, Mr. Teruya, don't we have something in the Code, or do you have a Department rule or regulation that for those that do long-term rental, six months or more, can either qualify for minimum tax request, or certain types of benefits, tax, real property benefits? Do we provide

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anything in this County to those that currently wish to provide that type of housing?

CHAIR RAWLINS-FERNANDEZ: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Yeah, Mr. Hokama, existing...well, recently changed in the Code, before there was an exemption for low and moderate-income housing projects. So, it's only for low income. It's an exemption. Recently, Chair Kama's Committee passed, I believe it was Ordinance 5,000, which made it where there's a dedication process for basically residential workforce housing unit projects to dedicate for...I believe it's a ten-year period, and they'll get an exemption from real property taxes. And with that...but it's only for projects. It's only for those residential...100 percent residential workforce housing projects. I believe there was a unit minimum of like ten or something. But it is a dedication process. So, you have to sign up for ten years. If you fulfill it for ten years, good and well. If you don't fulfill your ten years, you'll get rolled back, which is the percentage and penalty.

COUNCILMEMBER HOKAMA: The penalty.

MR. UEOKA: But as far as a long-term rental dedication, I believe last term when...I'm not sure if it was Mayor or Budget and Finance Committee proposed the removal of the condo section, the actual use condo section, of 305, 3.48.305, there was an accompanying language which talked about giving long-term rental dedication...cause condos that were there would be losing their actual use, giving them the right to dedicate and get Apartment classification if they would dedicate for the ten years. But neither passed in the last term. So, the only thing existing right now for long-term renters, Mr. Hokama, would be that dedication process as the 3.48.367, the land dedicated for use as a...I'm sorry, 368, lands dedicated for long-term affordable rental use or long-term rental use.

COUNCILMEMBER HOKAMA: Okay, thanks for that. I thought we passed that legislation. So, okay.

MR. UEOKA: Yeah, sorry.

COUNCILMEMBER HOKAMA: No, thank you for that reminder. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Member Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. Okay, to reiterate, the purpose of the TIG...let me just go over a couple of the main goals. And the main...one of the main goals is recognition of the affordable crisis, affordable housing crisis we're in right now. That's uppermost, number one. And that is why we believe that with the proliferation of short-term rentals, of B&Bs, and luxury homes,

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that has had a major impact on the lack of affordable housing. It's one aspect. It's not the only impact, but that is a major impact. So, we believe that those who have created that impact need to contribute more to our tax revenues as a result of that impact. And that is the reason why we wouldn't want to, let's say, Mrs. Nobriga on Vineyard Street is renting her house that she wouldn't be in the same category as somebody who has a luxury short-term rental in Makena or Wailea, et cetera. So, there needs to be fairness in terms of how people contribute to the result of this impact. And therefore, we needed, we felt we needed tiers. And then we have a Mr. Molina, Upcountry, yeah. Out of the kindness of his heart, rents his extra home to long-term, for long-term rental purposes and tries to keep the rent down. Okay, he should be rewarded for that. We should provide incentives for that. And he should be in another tier himself, you know. So, and that's where we are, you know, reviewing the idea of exemptions on both, or reductions in property tax, you know. Those kinds of things need to be analyzed, and were it not for this proliferation of short-term rentals, et cetera, we wouldn't probably need to make these kinds of fundamental changes. But we have these challenges before us right now. And that is why we are trying to deal with them as best we can even though, as the Chair said earlier, it may not be the perfect solutions at the moment, but there's certainly improvements and it's going to be much more fair in terms of who pays what. So, again that is the main purpose of why we got started on this. And I'm sure there're other reasons, yeah. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee, for clarifying the problem that the TIG set out to fix. And just as a reminder to everyone that the language that we put in here allows for the tiers to be the same. And it's going to be determined during budget, so if you read here it says, equivalent or ascending rates. So, it's kind of a...it'll help as a safeguard, you know. And it would give us extreme flexibility to create the rates in a way that it would end up with no tiers. And meaning there wouldn't be...all the rates would end up being same for tier one, tier two, and tier three if that's what this body ultimately feels would be the fairest. But, you know, the TIG felt like this proposal would help to make it more fair and more equitable for our community members. And that's why we proposed this to the Council. Okay, Chair King?

VICE-CHAIR KING: I think, too, the earlier testifier said, you know, kind of couched it like we are creating a toolbox that gives us that flexibility. And every Council will decide how they want to use those tools when they go through the Budget Session, and they describe those, whether there'll be tiers or not, what those tiers will be. So, you know, we're not attaching dollar amounts to it today. And, you know, we will be, I'm sure, getting a lot of testimony on what those amounts should be when we get into budget. So, I just want to, you know, clarify that what we're doing here is making the system more flexible to...and maybe there'll be a day when we won't have that housing crisis, and we don't

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need to do these exemptions. And, you know, the flexibility is there. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Okay, Members, for Article X, do we still have consensus?

UNIDENTIFIED SPEAKER: Yeah.

CHAIR RAWLINS-FERNANDEZ: And we can move to the next bill? Okay.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR RAWLINS-FERNANDEZ: Oh, the Article X. Just the one that we've been discussing that changes, that creates the tiered framework. Member Hokama?

COUNCILMEMBER HOKAMA: Yes, sorry, for my confusion, because both articles kind of cover similar pages, Chair, if you look at the...anyway, from what I'm going through. Anyway, regarding the setting up of the tiers, I got no issues with that. I appreciate Ms. Lee making those comments about one of the focus points that the TIG was trying to address as a reminder to myself. And so I appreciate that. I'm asking though are we also looking other ways to help implement what you're trying to do with this new tool that we want in our box, yeah? Well, yeah, until budget, yeah, we're going to, you know, at budget we'll talk about this part. But are there other enabling things that we may want to consider to go along with this for that time in budget when we open up the toolbox for see how we wanted to approach this? Well, of course, hopefully by then we'll get the software provider agreeing that we're operational. 'Cause that's the key thing for us to know we can do the tiers and get the revenue from those various components accurate. So, we're dependent upon you for that. But one of the things, Chair, I think we've made agreement on is the impact of the short-term rentals, or the B&Bs type, on long-term rental, as well as just ownership of multi-family or single-family housing. So, why wouldn't we consider as part of this as a temporary tool also? 'Cause I don't have a problem looking at either a prohibition, a cap, or moratorium on all short-term rentals that no permits will be allowed, processed, or approved. If that is the biggest factor, the biggest thing we can do now temporarily is stop the allowing of permitting of this type of units that impact the long-term rental component.

CHAIR RAWLINS-FERNANDEZ: Member Hokama, I agree with you. But that's not what we're discussing.

COUNCILMEMBER HOKAMA: No, no, that's why I'm asking. Is that as part of additional enabling legislation we can consider to support what is coming out of what I feel you guys have brought up fairly to us at this point? That I'm

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thinking can I add another component to this tool, or attachment to the tool, at this point in time to maybe even give us greater opportunities?

CHAIR RAWLINS-FERNANDEZ: I think that might be a violation of Sunshine. I mean, so you're always welcome to propose amendments. These are the recommendations from the TIG. And so, if putting a cap on STRs or B&Bs is something...

COUNCILMEMBER HOKAMA: Again, Chair, you know, it's just...I'm just throwing out as a discussion, yeah, that these are for me, I'm asking is this another way we can do an additional revisions to your proposal that may want to consider this other type of options or attachments. And I think maybe Ms. Lee has a thought or two?

CHAIR RAWLINS-FERNANDEZ: Member Lee?

COUNCILMEMBER LEE: Yeah, I think he's referring to the toolbox, yeah and...but I don't think he's saying that you should be working on a moratorium. I think he's saying that, you know, other committees can be doing other things, creating other tools that support what we're doing overall. So, I think that's a good idea.

CHAIR RAWLINS-FERNANDEZ: Okay. I support that. Mahalo, Member Lee. So, yeah, if anyone wants to work on that...okay, yeah...kākou. Okay, so, consensus?

COUNCILMEMBERS: Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay, okay, we're going to set that aside. We have consensus. Okay, so the next bill is Article VII. If you made a star, it has a star on it.

VICE-CHAIR KING: It's this...it's this separate.

CHAIR RAWLINS-FERNANDEZ: Right. So, there's more revisions and that's the one that you received today at the bottom it's...so the first page is Article VII, received at EDB meeting on 10-17-19 is what's stamped on the bottom. I made a star on the top. You're welcome to make a star on the top if you'd like to help with lessening the confusion. Okay. All right. So, from the bill that was posted...all right. So, the bill that was posted we made a...we're going to propose several...I worked with the Finance Department to fine tune the language and ensure that some of their concerns are addressed. One of which was reinserting Apartment. Okay, so that's 3.48.305, Classification of real property. Okay. So, you'll see that number 3, yeah, number 3 is Apartment, okay. Chair King, and then Member Paltin.

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VICE-CHAIR KING: Okay, thank you, Chair. So, I just wanted to just go back to that insertion of the Apartment and the testimony that we had earlier about that category being...we only have a few units that qualify. So, is the intent to at some point get out of that and change those over to something else, so that we don't need that? Or, are we thinking that that might, that classification might expand and we might have more apartment buildings?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Chair, thank you. You know, when we discuss classification, it's a very difficult one to think about everything that's going to happen when you make that change. The reason why I had recommended to the Chair to bring back the Apartment classification is because the real apartments that you can...you think of in your mind of 100-unit apartments, one owner, to tier them, majority of the apartments are your long-term renters. Most apartment buildings don't have short-term rentals in there. And the one-owner, 100-unit such as in the middle of Kihei, Kihei Regency, I think it's 100 to 200 units, those are long-term renters. And to tier that class, and to put them in as the Non-owner-occupants, I thought it was just very different. And that, therefore, maybe bringing them back and putting them into their own category by themselves would be possibly troublesome if their rates went extremely high because most of those projects are multi-million dollars, and they are your probably low to medium-income families in those projects. And that's the only reason why I suggested to bring that back.

VICE-CHAIR KING: Okay. So, but are we limiting this classification to only those that are 100 percent long-term rental? Or are we allowing people in there to do short-term, you know, there are a few short-term rentals, and they're going to get the same classifications as Apartment?

MR. TERUYA: Chair?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: This is based on the highest and best use. If you're doing STRs, you're not going to fall in here. Secondly, the Apartment classification are anything over four units, like a fourplex. So, there's requirements to come into here. They're not going to be like your condo unit type of properties. Those would go into something else. The Apartment class is really anything used for six months and over and are larger projects.

VICE-CHAIR KING: Okay. So, your intent is to make sure that anybody who falls in this classification has 100 percent long-term rentals, six months or more?

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MR. TERUYA: That is correct.

VICE-CHAIR KING: Okay. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Member Paltin, and then Member Hokama.

COUNCILMEMBER PALTIN: Thank you, Chair. I had a similar question about apartments as well. And I just wanted to clarify. So, your definition of a real apartment is the same as the Apartment category? Like when you said 100 units, one owner, that's your definition of a real apartment. But it also includes any building with over four units, and it would similarly be one owner. Is that what Apartment is, all one owner with more than four units?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Chair, I'm scrambling all over the place. I know the TIG's worked on this and we've been...I've been in and out. If Ms. Martin could maybe further clarify. I'm trying to look at...to the definition part that we have in the Department. And she may be better equipped for this question.

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

MS. MARTIN: Chair, so when you're classifying properties based upon highest and best use, as appraisers we classify buildings. And we have manuals that describe what an apartment building is. And we have codes that describe what an apartment building is. And then we also have vacant land zoned Apartment. So, the properties improved with buildings that are valued as apartment buildings will be in the Apartment class. And that includes multi-unit buildings on one parcel. Some of those are exempt, as we talked about earlier, because of...they have the low to moderate-income tenants. But as appraisers, you know, we understand what an apartment building is, and the occupancy of those units would be for apartment use. It wouldn't be for short-term rental use. Once they start doing short-term rentals, we would move them to the Short-term rental category.

COUNCILMEMBER PALTIN: So, I guess I understand that part. It...does it matter if it's a single owner for the multiple units, or does it matter if they're individually-owned?

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

MS. MARTIN: Thank you. If an apartment building has been subdivided into condominium units and it's individually owned, they turn into dwelling units

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because they're just single-unit properties. And those will go into the Non-owner-occupied category.

COUNCILMEMBER PALTIN: The ones that are individually owned go into the Non-owner-occupant category even if it's the owner that's occupying it?

MS. MARTIN: If they've applied for the home exemption, then they go into the Owner-occupied category.

COUNCILMEMBER PALTIN: Okay, so it...if they're individually-owned but they're rented out, then it goes into the Non-owner-occupied category for just that space in the multi building, multi-unit building. Is it done by percentage? Like if you have a ten-unit building, they pay one-tenth of the amount?

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

MS. MARTIN: Yes, for a unit within an apartment building to be individually owned, it would have to be condominiumized.

COUNCILMEMBER PALTIN: So, it's condominiumized, is still the Apartment class or...

MS. MARTIN: No, a condominiumized single-unit --

COUNCILMEMBER PALTIN: Would be --

MS. MARTIN: --parcel --

COUNCILMEMBER PALTIN: --either Owner-occupied --

MS. MARTIN: --would be...

COUNCILMEMBER PALTIN: --or Non-owner-occupied.

MS. MARTIN: Yes, yes.

COUNCILMEMBER PALTIN: And then, but if it's one out of a ten, how do you assess the tax of that one? Because I mean it's kind of occupying the same property footing, like if it's going vertical. Like how would you assess a property tax on a condominiumized unit? Is it under the same rate as, say, a single-family home if the single-family home takes up one amount of space, and in that same footprint, a building could take 10, 20 units, or something?

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

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MS. MARTIN: I'm going to defer to the Director.

MR. TERUYA: Chair?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Maybe I'll try to help clean up the mud.

COUNCILMEMBER PALTIN: Sorry, I didn't mean to get us dirty.

MR. TERUYA: Classification and rates, let's make sure that we have...we separate classification, rates, and values. So, initially we set the assessment which is the value of the property based on its classification. Within a condominiumized project, for example, you can...if you are able to do short-term rental, that's the highest and best use. Should somebody use it for something less than that, and want to do long-term rental, our existing Code says, you can self-attest what your classification is. So, valuation would be based on what is the use. If it's a long-term rental, but the highest and best use is short-term rental, the valuation would be done all one way. The tax classification is a second part to it based on what you are using it for under the current Condo Code. The proposal before you today is to separate two ways of classifying land. We're trying to repeal the Condo Code so there is only one way to classify lands, which is for consistency purpose, not a special way because you're a condominium. You almost create loopholes by creating a second way that if you don't like that tax class, you condominiumize your property, then get this other way of classifying property. So, the proposal today, I think, simplifies the Tax Code in that there is only one level playing field. So, everybody will be classified based on your highest and best use. Now, valuation is a different subject, right. The valuation of a unit that has been condominiumized is just exactly based on sales of similar types and similar uses, okay. And then after that, you apply the rate based on your classification. So, I'm not sure if that answers your question. If you have further questions, I'd be more than willing to try to further explain.

COUNCILMEMBER PALTIN: I think I got it. I just was wondering the reason you do that is for...to be equitable? Or, to try and make it more equal or fair?

MR. TERUYA: Chair?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Is that regarding the assessment or the classification?

COUNCILMEMBER PALTIN: The classification.

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MR. TERUYA: Okay. Well, I think by repealing it, it'll make it very clear as to everybody being treated the same. The current system of condominiumize properties having the ability to self-attest what you're using it for is where we're running into problems.

COUNCILMEMBER PALTIN: So, repealing the Condo Code would not allow people to self-attest what they're using it for?

MR. TERUYA: That is correct.

COUNCILMEMBER PALTIN: Oh, okay. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Member Hokama?

COUNCILMEMBER HOKAMA: Thank you. Under this area, Chair, classifications, I have one area of concern I would say. I've been watching Commercial and Industrial classifications for a long time, and there's many times when they go in different syncs. One can be going up, and one can be going down. I guess two different kinds of components regarding the Industrial and Commercial regarding online retailing and other components, how impacts the local workforce. We understand those...we should be understanding those factors when we look at this classifications. I still believe, Chair, it's to our benefit to keep it separate. I don't see why we need to merge it. I don't see a benefit of merging it at this time. Unless there's a magic to why we need only ten numbers 'cause it's the software's capacity. But I really believe, Chair, we should try and maintain this in two separate categories still yet. And keep watching it because I believe we will see continued changes in Commercial value going in opposite directions of Industrial value. And especially for me, if we get to zoning, and I hope Zoning and Planning is listening 'cause you should be paying attention to adjustments and revisions to Chapter 19. Then we can deal with stacking and appropriate rate adjustments, too, Chair. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. We had that discussion during the TIG about combining Commercial and Industrial because they're so similar and other counties were moving in that direction. Was that the understanding, Director?

MR. TERUYA: Chair, I think...I mean I realize they are two very different components. I think one of the reasons why the TIG had recommended it is because historically, other than the last maybe three or four fiscal years, they've always had the same tax rates. But I understand what Mr. Hokama is getting into. Now that everything is purchased online, things may change. I think the recommendation...and the reason why the Mayor had discussed it being two different categories was you still have the ability to set the same rates. But should something happen to the commercial industry and you need to relieve

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that sector without relieving a separate sector of Industrial, I mean Industrial is very, very different. These are things that are, you know, your recycling centers, et cetera, et cetera. But they're very different from Commercial, mercantile activity. So, it's really up to this body. You guys should decide on that. But just know, when you have more, it just gives you further options. So, it's really up to this body to decide. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director. Would any of the TIG members like to explain that...or add feedback regarding the combining of these two classifications? Member Lee?

COUNCILMEMBER LEE: My recollection is a lot of these combinations were actually recommended by you and your Department. No, really. Because we...because we were very aware and concerned about implementation. And so we did not want to disrupt, you know, the process of your implementation. So, we relied heavily on your recommendations with regard to, if not all, most of the categories. Isn't that true, Scott?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Chair, we did a lot of responses on resource based on the questions. But if that's true, we wouldn't be changing our classification names either because that's what we recommended, is that to remain Homeowner and Residential because of consistency purposes. So, I do...I don't recall that including them together was a recommendation. It was maybe a look at maybe historical tax rates as the reason. But maybe Martin can expand.

COUNCILMEMBER LEE: Yeah, maybe Marcy. Maybe that's the time you weren't there.

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

MS. MARTIN: Chair, we did discuss combining Commercial and Industrial. Again, like Director Teruya said, the rates have been the same for many years, and then in recent times they became different. And one concern that we do recognize is that we have commercial uses in Industrial zoning. And, for example, when we do our annual recapitulation for certification, you can have a NAPA Auto Parts in Commercial zoning, and you can have a NAPA Auto Parts in Industrial zoning. And if they have different tax rates, it's a different burden on two similar businesses. So, that is a concern. But the also scenario also exists. We have heavy uses in Industrial that we don't have in Commercial. A lot of our big boxes are in Industrial now. So, while some of the older properties have similar uses in the two zonings, a lot of our newer properties do not.

CHAIR RAWLINS-FERNANDEZ: Mr. Ueoka?

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MR. UEOKA: Thank you. Just to clarify for Director Teruya also. I believe what Councilmember Hokama and what Mayor Victorino raised today are more policy issues. The Department was a resource as to is it possible, what will be the ramifications, this and that could happen. But as far as forecasting tax relief and stuff, that's kind of more your guys' forte and the Mayor's forte, than the Department of Finance necessarily. They can make recommendations and help you guys, but I believe what's been raised today are more policy issues. So, I think that's a little bit of the difference right now. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Ueoka. I'll reiterate what Member Lee said which is that the TIG was really focused on trying to help the Finance Department as much as possible to make things easier, to close loopholes. And, you know, the four members really worked hard in listening to the recommendations and the suggestions and the guidance from the Department. And so, I don't think any of us were really like tied to this. I don't feel super strongly about combining them or keeping them separated, really. So, if this body would like to separate them, I'm completely fine with that. If other TIG members would like to provide their feedback on whether they feel strongly about combining them, please, you know, let the body know now. Member Paltin, and then Pro-Temp Kama, and then Director.

COUNCILMEMBER PALTIN: Thank you, Chair. I didn't have a strong feeling about Industrial or Commercial being combined. My strong feeling was that vacant Commercial developed that is being left vacant on long-term basis should be taxed higher because that's a blight on our community. And that was my only strong feeling about Commercial because, you know, there's only so much Hawaii, and there's choke Walmart across the world. So, if you're just going to keep building and leaving vacant things behind in your wake, that's a blight to our community because people come here to see Hawaii, not Walmart. And people live here to experience Hawaii, not Walmart. So, that was my main concern about Commercial and Industrial. If they're separate or apart, doesn't matter to me, unless like Mr. Hokama said, you can only have ten categories on the software.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Pro Temp Kama?

COUNCILMEMBER KAMA: Thank you, Chair. So, my sense in working on the TIG is just that that whenever we do something like this is so that we can get into the weeds with the departments and figure out what's the best recommendation to bring forth. So, we bring it forth to you, and you all decide I like it or I don't like it. And as far as we're concerned was we did all the work so that we all wouldn't have to do it. We took all the extra time. So, this is the recommendation. If you don't like it, throw it out. If you like it, say leave it in.

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But that's the work that I think that we do here on the Council. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro Temp Kama. Member...so that was basically the input from the TIG members. Mahalo. And then, okay, Director, and then Member Sugimura, and then Chair King.

MR. TERUYA: Thank you, Chair. Real quick. And this, what's before you today, is not the end of what we have. There's still many other pieces that we've talked about in the TIG that wasn't introduced in this package. So, therefore, we cannot talk about because it's...violates Sunshine. So, you know, there's other areas that we're not done with. Maybe it's the TIG two, TIG three. It's like a sequel. But it's something that we haven't reached everything, but we've touched on the most important part so far. So, there's other housecleaning items. There's other items that we may talk about, about a Residential dedication, or about long-term. Those are things that were a little bit more difficult to swallow, and those will take more time. But the things before you are the bigger issues that we think needed to start with --

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director.

MR. TERUYA: --to get to where we need to get to. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director. And again, the reason that the TIG chose these items is if the Council would like to act on these and have them established by the next fiscal year, then we need to pass this out by December 1st. And if we don't want to see it by the next fiscal year, then we won't. And that's completely up to this Council. And as I mentioned from the beginning, we will be having a TIG part two, and three, if necessary. But, you know, we acknowledge that this wasn't everything and that this was just the most time-sensitive issues. Member Sugimura, then Chair King.

COUNCILMEMBER SUGIMURA: Great discussion. And by the varied discussion, I would like to recommend we split apart the Commercial and Industrial. I would like to...if we need to make a motion, or I don't know how you would handle it but.

CHAIR RAWLINS-FERNANDEZ: Okay. Members, consensus?

VICE-CHAIR KING: Chair, I have a question --

CHAIR RAWLINS-FERNANDEZ: Oh, okay.

VICE-CHAIR KING: --before we...

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CHAIR RAWLINS-FERNANDEZ: Before we do that then. Chair King?

VICE-CHAIR KING: Okay, thank you. Yeah, I don't have a problem with splitting them up. But I had a question about...does the Department...which one do you feel has the highest...higher use, higher and more...that should be taxed at a higher rate between Commercial and Industrial?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Thank you, Chair. The higher use is really the Industrial portion, I think, of the component. I defer to Ms. Martin if she feels differently. But I believe Industrial has more uses in it.

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

MS. MARTIN: I agree with Director Teruya that Industrial has the higher uses.

VICE-CHAIR KING: Okay. So, you would value that category at a higher rate than the Commercial?

MR. TERUYA: Well, all we're saying is for...cause you gotta look at valuation, how they move. But if you're saying what can be...what has higher uses, Industrial zoning has much more uses than Commercial. You cannot do Industrial in Commercial. But you can do Commercial in Industrial.

VICE-CHAIR KING: Okay.

MR. TERUYA: So, that...whether that should yield a higher rate, that's really up to how valuations...

VICE-CHAIR KING: Okay. I was just kind of going back to something that Ms. Martin said earlier about how the big box stores were in...were...would be considered Industrial. So, I wanted to make sure that wasn't considered a lower use because to me that's pretty impactful. So, I appreciate that explanation. And I'm happy with separating that out if we're going to go in kind of in that direction of looking at those different values. And then I also wanted to just kind of for the public and anybody listening that to say that I'm glad you left this piece in under B that says that, except these categories, shall be classified as owner-occupied without regard to its highest and best use. So, that makes it clear that someone who's living in a condo that may be...may have some short-term rentals in it, if they're owner-occupied, they will be paying the Owner-occupied. And I think that's really important, Chair, because the term highest and best use is just about money and about how much money you could make off of it, it's not, you know, we're sitting here saying there's a housing crisis. And so to me, highest and best use is if you rent it out long-term, or you live

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yourself and you're not contributing to the housing crisis. So, a lot of people keep asking me about this. So, I just wanted to kind of make the point that we did leave that in there. And for the many, many condo owners in South Maui that are living in their own condos, they need to have that comfort level that they're going to be able to get that Homeowner's exemption. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Director?

MR. TERUYA: Chair, just a recommendation for the body to consider is maybe we want to put in a definition for what is Apartment versus --

CHAIR RAWLINS-FERNANDEZ: Okay.

MR. TERUYA: --leaving it...

CHAIR RAWLINS-FERNANDEZ: We're going to hold on that real quick, Director.

MR. TERUYA: Okay.

CHAIR RAWLINS-FERNANDEZ: We're going to finish up whether we're going to separate Commercial or Industrial first. And then we'll go to that. I'm really happy that you have a proposal. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. I just had a clarification for the Director. You know, we've been having some discussions about possible future maybe, I guess, apartment types of buildings...

CHAIR RAWLINS-FERNANDEZ: Member Sinenci, real quick. Are you talking about Commercial/Industrial?

COUNCILMEMBER SINENCI: Yes.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SINENCI: Within the light industrial area with possibly some commercial on the bottom floor. Just as kind of like a hybrid. I know I'm throwing stuff in the mix, but I mean would that be possible, you know, with affordable apartments within light industrial with commercial on the bottom?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Chair, I have my own opinion. But I might defer to Ms. Martin right now. But it's not like the system cannot accommodate multi-classifying maybe that type of uses. As properties and subdivisions are more prevalent toward moving towards that direction where you live and work in the same place, we're

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going to have to start looking at those about splitting classifications within a parcel, or within a unit. And let me defer at this time. Thank you.

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

COUNCILMEMBER HOKAMA: Chair, first yeah, you know, I swear we have village mixed use already in the Zoning Code, yeah. And that allows this type of points Mr. Sinenci, my colleague, has brought up that is already codified and permitted in this County. So, it's something we allow already, Chair. And I'm sure they have process of assessing and putting value for a tax bill.

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

MS. MARTIN: Thank you, Chair. Currently, we do have condominium unit that where the first level is Commercial and the second level is Residential. If they get the Home Exemption, the Home Exemption covers both...the Homeowner tax rate covers both the Commercial portion and the portion that's lived in. Those are always going to be a challenge because we're going to value it as one building, and we would prefer not to split class. So, we would have to look at it and decide, you know, what is the predominant use if it's a single building. If it's a property that has two buildings, one is Commercial and one is Residential, we've considered that in the Code, and that's why we've gone from the word "parcel" in the Code to "real property" to enable the Division to look at a different uses...different uses on a parcel and be able to classify them.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Martin. Member Sinenci, good? Okay.

VICE-CHAIR KING: One more question.

CHAIR RAWLINS-FERNANDEZ: Member Molina, and then Chair King. Member Molina, it's about the Commercial and Industrial combine?

COUNCILMEMBER MOLINA: Yes.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER MOLINA: Yeah, I just want to state my support for separating it. Now upon hearing the earlier explanation from Ms. Martin, I think it kind of makes a little bit more sense. And I guess the concept of people doing businesses out of their home, I guess that would be...I guess will that be more the Commercialized Residential or would this fall under as a separate Commercial? You know like, for example, maybe if I could ask the Department. If someone, for example, has a bookkeeping business on their property, I'm sure they could probably claim as far as for taxation, whether it be through the County taxes or Federal taxes, a portion of the home where the business is

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located, like if they're doing in one room the actual business, or do they just claim the whole property for I guess a tax break or...I don't know where the County comes in as far as the real property tax assessment on someone who has a home-based business. Or, do you have to declare what area of your home you're doing the business in? Or, do you just do the whole property? I don't know if the Department can answer that, maybe Ms. Martin?

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

MS. MARTIN: Thank you, Chair. Currently now if it's an allowed use in the home, meaning they didn't require a Special Use Permit or a Conditional Use Permit, we aren't recognizing that use. They will still be valued...if it's a residential property, it will still be valued as a residential property. If they've applied for a use that's contrary to zoning, then we will consider that in our classification and value.

COUNCILMEMBER MOLINA: It depends on the type of use then. So, something like bookkeeping, which wouldn't have an impact on the neighborhood I guess, yeah, versus opening up a little mini auto shop on your property in a residential neighborhood, that could constitute a Commercial designation then?

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

MS. MARTIN: Thank you, Chair. Yes, something that would be require a permit would be considered where something doesn't require a permit isn't considered.

COUNCILMEMBER MOLINA: Okay, all right, thank you. But, yeah, Madam Chair, as I stated, I'm okay with separating the two.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Director?

MR. TERUYA: Thank you, Chair. Just to further add on that, when you have a home exemption, and that's something that we're going to be covering as well, when you have a home exemption and you do a home-based business, that portion for commercialized purposes is excluded from taking the exemption. But normally the values are so high that it's absorbed anyway. But you don't change the classification from that 'cause remember now your Code says when you're a Owner-occupant the entire parcel shall be classified as Homeowner. So, that's something to note. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director. Chair King?

VICE-CHAIR KING: Thank you, Chair. So, I just wondered how this affected the tiers. So, are we saying...if we separate these --

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CHAIR RAWLINS-FERNANDEZ: Okay, we're going to do this vote first.

VICE-CHAIR KING: --are they still subject...

CHAIR RAWLINS-FERNANDEZ: And then if we do --

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: --then we can have that discussion.

VICE-CHAIR KING: Oh, 'cause it just...it would pertain to what the vote we took on that previous --

CHAIR RAWLINS-FERNANDEZ: Right.

VICE-CHAIR KING: --article.

CHAIR RAWLINS-FERNANDEZ: Yeah. So, we can --

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: --go back and revisit that if that's what we're doing, and then we can decide that one.

VICE-CHAIR KING: If we separate them out.

CHAIR RAWLINS-FERNANDEZ: Yeah. Okay, okay. Any other comments or questions? Okay, consensus? Or actually, you know what? I'll take a vote. And I'm going to take a vote on all of 'em after we come back from our morning break. Okay, so the proposal is to separate Commercial and Industrial. Industrial will be number 9, and Commercial will be the new number 10. All those in favor, please say, "aye."

COUNCILMEMBERS: Aye

CHAIR RAWLINS-FERNANDEZ: Any oppose? Okay, unanimous. Okay.

VOTE:	AYES:	Chair Rawlins-Fernandez, Vice-Chair King, and Councilmembers Hokama, Kama, Lee, Molina, Paltin, Sinenci, and Sugimura.
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NOES:	None.
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ABSTAIN:	None.
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ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: APPROVE.

CHAIR RAWLINS-FERNANDEZ: Okay, so, when we return from our morning break, we'll have that discussion on Article X, and we can decide together if want to now have four classifications with tiers, or how we would like to move forward with that. Because in Article X it lists Owner-occupied, Non-owner-occupied, Short-term rental, and Commercial/Industrial, and so they're combined there. So, think about that and when we get back, I'll take a, you know, a motion or a proposal for that, and then we can come to consensus on what we'd like to do now that we've separated Commercial/Industrial, okay. So, it's 10:35. Please be back in your seats by 10:45. Again the...if we would like to see this enacted in the next fiscal year, we do need to pass this, you know, by December 1st so just keep that in mind when we're deliberating in, you know, keeping, you know, your comments as tight as possible. Okay, 10:35. We're going to take our morning break, return 10:45. October 17th, EDB Committee is now in recess. . . .*(gavel)*. . .

RECESS: 10:35 a.m.
RECONVENE: 10:45 a.m.

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Will the Economic Development and Budget Committee please return to order. It is 10:50 on October 17th, and we are continuing with our...the TIG's proposed recommendations for tax reform. We are on Article VII, Section 3.48.305. Okay. So, Members, this is the order that I'm proposing that we take it in. We're going to vote on 3.48.305, Section A and B. And then we will go back to Article X to fix the Commercial/Industrial combo there, and then I'd like us to vote on that. Okay. And then we can continue with Article VII after B. Okay. Okay. All right.

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: Question. Thank you. Is there a...somewhere a definition in...that relates to 3.48.305 Classifications, definition of Apartment?

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CHAIR RAWLINS-FERNANDEZ: Yeah. So, we're going to get there in order. So, we're going to take it number one first, Owner-occupied. I know there was concern there.

VICE-CHAIR KING: But we're going to vote on each --

CHAIR RAWLINS-FERNANDEZ: Yeah.

VICE-CHAIR KING: --classification. Okay.

CHAIR RAWLINS-FERNANDEZ: We're going to go one classification at a time. That way we kind of take it more in order, and we're not just bouncing all over the place.

VICE-CHAIR KING: Oh, okay. I thought we were doing the whole eleven.

CHAIR RAWLINS-FERNANDEZ: Yeah. So, let's just take it in order. We'll just vote on it. And then that way... 'cause that was the sticking point for Members in getting consensus on the tiered rate which is Article X. And so, I'd like to just vote on it and be, you know, move forward. And that way, we can be finished with that bill. And then we can finish off the second bill, the longer bill. So, okay, for Owner-occupied, Non-owner-occupied. So, for... the reason that we... the TIG recommended renaming these classifications, so what was the problem? The problem was there is some confusion. Homeowner Residential. If you're a Homeowner, you're also a Residential. So, in the names itself there contained confusion for a lot of community members, and I could see that in the testimony that we received during budget this year. And the other problem is that there's a lot of dwellings that are in other... like Agricultural, Conservation. Let me see what else. So, there's dwellings in all different zonings, and the intent behind that was to just say if you have a dwelling, then you're Owner-occupied, or you're Non-owner-occupied to make it clear cut that that is what you are. And it kind of helped to... the intent was to close up some of the loopholes. And the tax incentives that, you know, some properties were taking advantage of during that time. So, we're going to start with Owner-occupied. We'll discuss that, and then we're going to vote whether we want to keep that or not. Okay, and then I'll take it in order. Member Sinenci?

VICE-CHAIR KING: Chair, I just want a point of order. Do we need --

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: --to have a motion on the floor and then... so that for each of these so that we're...

CHAIR RAWLINS-FERNANDEZ: It'll be an... like an unofficial vote.

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VICE-CHAIR KING: Oh, okay.

CHAIR RAWLINS-FERNANDEZ: It'll be more like consensus --

VICE-CHAIR KING: Oh, okay. We're just looking for consensus.

CHAIR RAWLINS-FERNANDEZ: --but instead of like it being 100 percent then we can, you know, 'cause I don't think we're going to get 100 percent consensus on this item, so.

VICE-CHAIR KING: Okay, so then maybe we need to vote, to make the motion?

CHAIR RAWLINS-FERNANDEZ: So, that we can move forward, yeah. So, Member Sinenci, do you have questions or comments on the first classification named Owner-occupied?

COUNCILMEMBER SINENCI: No, I support the change.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Molina?

COUNCILMEMBER MOLINA: Support.

CHAIR RAWLINS-FERNANDEZ: Member Lee?

COUNCILMEMBER LEE: Support.

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: Support.

CHAIR RAWLINS-FERNANDEZ: Member Hokama?

COUNCILMEMBER HOKAMA: I support, but I have a question just for clarification, Chair. Is it our understanding this is only as it regards...so in the example, yeah, we just got the dwelling in different Agricultural zoning categories. We're talking about the Homeowners component of only the dwelling component on, of the entire parcel, right? We're not talking about the whole parcel will get Homeowner now because it could be like using 5,000 square feet for the home and he's on 10,000 acres of something good.

CHAIR RAWLINS-FERNANDEZ: Director?

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MR. TERUYA: Thank you, Chair. I believe the vote right now is to change the title Homeowner to Owner-occupied. It has nothing to do with your example, Mr. Hokama.

COUNCILMEMBER HOKAMA: Okay, perfect. I'm happy to support your change.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Member Paltin?

COUNCILMEMBER PALTIN: I just had a question as well. Is it a big problem like how he was saying about people might have to put Owner-occupied and then parentheses, Homeowner? Is that like an amendment, or the big problem to help their cause if guys get confused?

CHAIR RAWLINS-FERNANDEZ: Director, would it be problem --

MR. TERUYA: Thank you.

CHAIR RAWLINS-FERNANDEZ: --in implementing that?

MR. TERUYA: Chair, we can put whatever we want. I just said if you're a Homeowner now, you expect to just see Homeowner. And people going now see Owner-occupied and that's just leads to another question, why did my class change?

COUNCILMEMBER PALTIN: So...

MR. TERUYA: That's what we anticipate. People are going to see Homeowner in previous years. And now your card is going to say Owner-occupied. And I think that alone will spur the question to the Department.

COUNCILMEMBER PALTIN: So, it doesn't require a vote from us for them to put that in parentheses, Homeowner?

MR. TERUYA: Chair?

CHAIR RAWLINS-FERNANDEZ: Yeah. Director?

MR. TERUYA: I think if we vote on Owner-occupied, it's just going to be Owner-occupied. I don't think we'd put parentheses, Homeowner. We gotta either...everybody's going to accept the change or not. So, I think we just...any change will spur questions and calls to the Department. So, that was the only reason why I had recommended that we say Homeowner because people know what Homeowner is right now. We know it's only a title, but only a title change will have questions. But if you do choose to change it from Homeowner to

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Owner-occupied, I would just recommend just putting Owner-occupied on the classification for the notice.

CHAIR RAWLINS-FERNANDEZ: Director, I think Member Paltin is asking a broader question about educational outreach. So, would we be able to add some kind of information to help be...to be more proactive and prevent some of the calls that the Department will get in questioning, you know, the change? So, would the Department be, you know, is that something the Department would want to do?

MR. TERUYA: Chair, we can do as much outreach as we can, possibly can. It's not going to be a problem. I don't see a problem with doing any of that, press release, et cetera. But I just...it was a very general comment that any time you change something to something else, it just...somebody's not watching this right now, and then they're going to get a notice, and it's going to say something else. Then they're going to call and say, why does my thing change? I'm not a homeowner any more. I don't know. It's just...there will be somebody. You're not going to...there is no way going to settle everybody and saying this is exactly what I want.

COUNCILMEMBER PALTIN: In that case, I would support it because we're doing a lot of other changes right now. And so, if they are not paying attention, they should be asking questions. Thanks.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Member Sugimura?

COUNCILMEMBER SUGIMURA: I think my question was answered, so I'm okay.

CHAIR RAWLINS-FERNANDEZ: Okay. Do you support the change? I'll just take the vote now since everyone is --

COUNCILMEMBER SUGIMURA: Yeah.

CHAIR RAWLINS-FERNANDEZ: --indicating whether they support it or not.

COUNCILMEMBER SUGIMURA: It sounds...yeah.

CHAIR RAWLINS-FERNANDEZ: Okay. Pro Temp Kama?

COUNCILMEMBER KAMA: I'm fine.

CHAIR RAWLINS-FERNANDEZ: Okay. You support it? Okay, so...oh, Member Lee?

COUNCILMEMBER LEE: For the next ones, perhaps we could start with Scott and then go through. Okay.

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CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER LEE: Thanks.

CHAIR RAWLINS-FERNANDEZ: I'm open to that. Okay. So, it sounds like we have consensus on Owner-occupied. Chair King?

VICE-CHAIR KING: Chair, I just wanted to say that I do think we need to do some major outreach on the changes. I support pretty much everything that we're talking about today. And so, maybe something like that card that we sent out with the budget. We send something like that out. And we can, for anybody watching, there's some weird noises going on back there. But we can, you know...I can look in our budget and help the Department if they need help with sending something like that out. I think it's really important because we are making some changes. And so to go directly to our taxpayers with that information, I think will be the most effective, so. Anybody...I just wanted to kind of make that statement for anybody who's worried about what we're going to do for outreach.

CHAIR RAWLINS-FERNANDEZ: Great. I support that. Mahalo, Chair King. Pro Temp Kama?

COUNCILMEMBER KAMA: But I also think that you know when we go out to do budget with our communities, that would be another way to be able to get that out there too.

CHAIR RAWLINS-FERNANDEZ: Brilliant.

COUNCILMEMBER KAMA: So, thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: I love that. Okay. So, everyone...see, we can figure this out together. Okay. Any other questions or comments? Okay, all right, we're going to move to the next one, two, Non-owner-occupied. We'll start with the Department with comments, and then I'll go to Pro Temp Kama on any other additional questions or comments, and then please indicate whether you support the change or not. Director?

MR. TERUYA: Thank you, Chair. The next one before you, Non-owner-occupied, will be replacing the classification, or name title, Residential. Further, there will be not only is it a name change, there are...well, Chair, I'm not sure if you just want to go into that. Or there will be additional properties moving into this classification. So, I'm not sure if you just want to take the vote on the name change first, Chair.

CHAIR RAWLINS-FERNANDEZ: Yeah.

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COUNCILMEMBER SUGIMURA: Can he finish that so we know the total picture?

CHAIR RAWLINS-FERNANDEZ: We're going to go to the definitions after.

COUNCILMEMBER SUGIMURA: Okay.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay, Pro Temp Kama?

COUNCILMEMBER KAMA: I'm good.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Sugimura?

COUNCILMEMBER SUGIMURA: For Residential? Fine.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER PALTIN: Support.

CHAIR RAWLINS-FERNANDEZ: Member Paltin? Okay. Member Hokama? Okay.
Chair King?

VICE-CHAIR KING: Support.

CHAIR RAWLINS-FERNANDEZ: Member Lee?

COUNCILMEMBER LEE: Support.

CHAIR RAWLINS-FERNANDEZ: Member Molina?

COUNCILMEMBER MOLINA: Support.

CHAIR RAWLINS-FERNANDEZ: Member Sinenci?

COUNCILMEMBER SINENCI: Support.

CHAIR RAWLINS-FERNANDEZ: Okay, consensus. Okay, number three is Apartment.
Consensus?

VICE-CHAIR KING: Consensus.

CHAIR RAWLINS-FERNANDEZ: It's not a change. Yeah, it's just a change of order.

VICE-CHAIR KING: Consensus.

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CHAIR RAWLINS-FERNANDEZ: Okay, Hotel/Resort, Time share, Short-term rental...

MR. TERUYA: Chair? Chair?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: The remaining are not changes. It's just changing in the order.

CHAIR RAWLINS-FERNANDEZ: Yeah, and then so...

MR. TERUYA: And like Commercial/Industrial is the only other one that you guys...

CHAIR RAWLINS-FERNANDEZ: Right, okay. So, number 9 will now be Industrial, number 10 will be Commercial, number 11 will be Commercialized residential, okay.

. . . *(Beeper sounds)*. . .

CHAIR RAWLINS-FERNANDEZ: Okay.

UNIDENTIFIED SPEAKER: Wow.

COUNCILMEMBER LEE: What is that?

COUNCILMEMBER PALTIN: Ninth floor.

CHAIR RAWLINS-FERNANDEZ: The Mayor's Office? Okay. All right, let's...okay, okay.

UNIDENTIFIED SPEAKER: . . . *(inaudible)*. . .

CHAIR RAWLINS-FERNANDEZ: All right. Oh, they're doing active shooter training? Oh, okay, okay. Sorry. All right, for Article X, 3.48.561 Tax tier rates, Commercial/Industrial is combined, okay. Does anyone have a proposal?

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: Okay, I just in talking to Mr. Teruya earlier I think we should just...if we're going to separate them just put three tiers on each one because as you pointed out it just gives us the flexibility of...you know, we're going to be looking at different levels of Industrial and Commercial, and if we so choose to make those differentials at the next Budget Session we can do it, but we don't

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have to. And so, I liked his recommendation of just keeping both of those tiered as separate classifications.

CHAIR RAWLINS-FERNANDEZ: Okay, Members, consensus, or does anyone have questions or comments about that? We're going to keep both in. Member Hokama?

COUNCILMEMBER HOKAMA: I just wanted to be clear. So, we're going to keep three per classification?

CHAIR RAWLINS-FERNANDEZ: Yes. Yeah.

COUNCILMEMBER HOKAMA: Three...

CHAIR RAWLINS-FERNANDEZ: Up to three tiers.

COUNCILMEMBER HOKAMA: Up to three tiers?

CHAIR RAWLINS-FERNANDEZ: Up to three tier...well...yeah, no. Three tiers.

COUNCILMEMBER HOKAMA: Three tiers per classification.

CHAIR RAWLINS-FERNANDEZ: That's correct. Director?

MR. TERUYA: Chair, it's not per classes. Per...I think there's only four classes that you had recommended that it...561 it says Owner-occupied, Non-owner-occupied, Short-term rental, and Commercial/Industrial which is just going to create Commercial, and Industrial.

COUNCILMEMBER HOKAMA: Yeah. So, five?

MR. TERUYA: Yeah.

UNIDENTIFIED SPEAKER: Five categories.

COUNCILMEMBER HOKAMA: Okay, for those five...

MR. TERUYA: That's what we have before you in the proposal. Not all.

COUNCILMEMBER HOKAMA: Okay, because I was going to ask if Agricultural was going to be included 'cause if that's the case, then I would say I hope we spend money to update those old 1960 productivity per acre numbers that was used as the basis of valuation 'cause they don't work no more. So, I would support your Division's need to get more accurate ability of valuations to assess for

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future Agricultural requirements. That is one area that I know that the State has been lacking to update their numbers, Chair. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Member Hokama. Agriculture is not one of the classifications listed. But I agree and support that. Member Sinenci?

COUNCILMEMBER SINENCI: Just a comment to Member Hokama's comments. I mean for Agricultural just looking at agriculture that's not being in use and Agricultural just being used for agriculture. So, I mean I would kako'o Agriculture. Thank you.

CHAIR RAWLINS-FERNANDEZ: You would kako'o Agriculture being a classification listed here?

COUNCILMEMBER SINENCI: As the tiered...

CHAIR RAWLINS-FERNANDEZ: Is that what you're saying?

COUNCILMEMBER SINENCI: As possible tiered.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay, we can take that up second.

COUNCILMEMBER SINENCI: Okay. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: So, let's first decide if we're going to keep both Commercial and Industrial in. And it looks like everyone's nodding their heads. So, consensus?

COUNCILMEMBER SUGIMURA: You're going to split it right?

CHAIR RAWLINS-FERNANDEZ: We're splitting it. It's no longer combined. There's a comma instead of a slash, and both are still in. Okay, so now there's a second proposal to include Agriculture as one of the classifications to be tiered. Chair King?

VICE-CHAIR KING: Thank you, Chair. So, I'm...I think the tiers are only for valuations so they don't separate what's in use and what's not in use, but I thought that we agreed earlier that you would have a second TIG in the next session to talk about vacant lands in Agriculture versus non-vacant, and also in the open...in the Conservation district that there would be...you guys would be kind of exploring that idea of vacant versus non-vacant, so.

CHAIR RAWLINS-FERNANDEZ: Right.

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VICE-CHAIR KING: Yeah.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Sugimura?

COUNCILMEMBER SUGIMURA: So, I just got a text. Nothing going on upstairs on the ninth floor. So, this noise, we should check. It's us. It's not...it's not ninth floor moving furniture.

CHAIR RAWLINS-FERNANDEZ: The pipes?

UNIDENTIFIED SPEAKER: Sounds like the elevator's stuck.

CHAIR RAWLINS-FERNANDEZ: Okay, well, I hope we're not going to blow up. Okay. So, consensus, that we'll take that suggestion up in TIG, part two. Consensus?

COUNCILMEMBERS: Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay. All right. Thanks, Yvette. All right.

COUNCILMEMBER HOKAMA: . . .(*inaudible*). . .

CHAIR RAWLINS-FERNANDEZ: I don't know. Are you worried about your safety? Is everyone worried about their safety?

COUNCILMEMBER SUGIMURA: It's kind of vibrating. The walls are...

UNIDENTIFIED SPEAKER: . . .(*inaudible*). . .

CHAIR RAWLINS-FERNANDEZ: Oh, it's drilling. They should let us know when they're going to be drilling. Okay. Unless they did. Okay. Okay. The Chair will entertain a motion to recommend passage on first reading of the revised proposed bill in paragraph 3.a. on today's agenda entitled "A BILL FOR AN ORDINANCE RELATING TO TIERS OF REAL PROPERTY TAX RATES;" including the revisions made on the floor today; and incorporating any nonsubstantive revisions.

VICE-CHAIR KING: So moved.

COUNCILMEMBER KAMA: Second.

CHAIR RAWLINS-FERNANDEZ: Moved by Chair King, seconded by Pro Temp Kama. Any discussion or questions? Okay, Member Sugimura?

COUNCILMEMBER SUGIMURA: So, you're going to pass this out today?

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CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER SUGIMURA: Out of Committee. And before it goes to Council, can we have public outreach? Because I think this is huge changes and for us to all of a sudden pass it December 1, make the changes. And you have all the community going, what is this when they get their tax bill. So, before it goes to Council for passage, can we have public meetings, community meetings regarding these changes before it becomes final?

CHAIR RAWLINS-FERNANDEZ: Well, I mean we're having public meetings now and...

COUNCILMEMBER SUGIMURA: I think...

CHAIR RAWLINS-FERNANDEZ: I think everyone's onboard with like education 'cause this isn't the only thing. So, basically what you're going to be doing if you want to do that, is we're not going to see this in next fiscal year. And I feel the urgency from Members to see this in the next fiscal year. So, if we go that route and we do, you know, an outreach, and I'm not sure who would do the outreach and the logistics of all that. Then this wouldn't make the deadline of December 1st. So, that's essentially what would happen.

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Member Paltin, and then Chair King. Or, Member Sugimura, were you pau?

COUNCILMEMBER SUGIMURA: I'm going to listen.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SUGIMURA: I want to hear what the Members...

CHAIR RAWLINS-FERNANDEZ: Member Paltin, and then Chair King.

COUNCILMEMBER PALTIN: I was wondering if you were planning on doing like a Chair's Three, and then maybe we can put it up on our website --

CHAIR RAWLINS-FERNANDEZ: That's a great idea.

COUNCILMEMBER PALTIN: --or something. Oh, thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Chair King?

VICE-CHAIR KING: Yeah, also I was just going to mention that each one us, you know, has a residency area. And, you know, I would, if this passes out today, I

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would take it back to my community associations in South Maui, and I would invite all of the Councilmembers to do that in their areas, maybe hold a talk story and, you know, if you want to get this, the specific information out, then hold a talk story. We could do that before the next meeting, the Council meeting that it comes to, but we could also, you know, make the next Council meeting a public hearing/Council meeting. So, you know, there's also that.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Chair King. Member Hokama, and then Member Sinenci.

COUNCILMEMBER HOKAMA: I would maybe ask you to consider a press release on our behalf from this Committee.

COUNCILMEMBER KAMA: Thank you.

COUNCILMEMBER HOKAMA: I'll be happy to have *Lanai Times* consider printing it in our community paper. Again, I think if we show our effort of education, it'll be fine, Chair, because people watch what we do. And so, I have no problem moving forward this proposal from the TIG. I think it's a good step forward, and people are waiting for us to take these types of steps, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. All great ideas. Okay. Member Sinenci, Member Molina, and then Pro Temp Kama.

COUNCILMEMBER SINENCI: Thank you. I just had a question for the Department. When do...does the RPT letters come out to the general public?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Thank you, Chair. The notice of assessment goes out on March 15th.

COUNCILMEMBER SINENCI: Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Molina, and then Pro Temp Kama.

COUNCILMEMBER MOLINA: Yeah, thank you, Madam Chair. You know, like Member King said, you know, we can each hold something in our districts, working with the Administration, just an evening informational meeting. And so, rather than...well, I guess you have the option of a Council hearing if you want to do that. Member Sugimura, she has her get-togethers on Saturdays, the Farmers Market. That's one way she can inform her constituents in that area. Or, you know, or myself, or maybe, Ms. Sugimura, at night we can do something, you know, in the evening to just work with Mr. Teruya and his Department just to educate everyone. So, outreach is certainly important, but at the same time, you know, we were talking about the phone calls earlier. No

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matter what we do, people are going to call the Mayor's Office. People are going to call the Department. They're going to call us. So...and I'm one of those. I like that. If I see something in writing there's going to be a change, I want that reassurance to talk to a live person. Is this really happening? So, phone calls are inevitable, or e-mails, and whatnot. So, I think we're all adequately prepared to have that face-to-face, one-to-one with our citizens to explain this change, which I'm totally in support of. So, anyway, so just wanted to add that additional suggestion for outreach in the evening with the public. So, thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Pro Temp Kama?

COUNCILMEMBER KAMA: Thank you, Chair. I think it is important to do outreach. But I think more important than the outreach, is the message that goes out, that the message has to be consistent. And if we all are understanding what we're all doing here today, then the message will be consistent. But if we don't all understand what we're all doing, then we're going to be talking about nine different stories out there. So, I'd like to be able to see if there's a way we can maybe get a summary, and everybody could talk from the summary so that we're all saying the same thing. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro Temp Kama. Okay. Member Sugimura, so we have the Chair's Three. We have press release, and individuals going back to their districts, you know, and talking story with their constituents there. So, Member Lee?

COUNCILMEMBER LEE: To that you can add all the senior centers. You could add the Chamber of Commerce, West Maui Taxpayers, the various organizations that are already established, the various unions, community associations, any association, yeah. But I believe what Member Kama says is correct 'cause we need to give the same message, yeah. Let's not deviate and start creating our own messages 'cause it's just going to cause mass confusion. So, that's where you and maybe the Director can help us come up with the narrative that we can use and distribute. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee. Okay, we'll work on the press release, and I think my turn for the Chair's Three is next month.

VICE-CHAIR KING: We can...Chair?

CHAIR RAWLINS-FERNANDEZ: So, we can coordinate.

VICE-CHAIR KING: We can move...yeah, maybe we can coordinate with whoever's the next Chair's Three and we can switch. So --

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CHAIR RAWLINS-FERNANDEZ: Oh, okay.

VICE-CHAIR KING: --you can have the next Chair's Three Minutes. And then when you write that, that'll be the narrative, and we can all kind of use that.

CHAIR RAWLINS-FERNANDEZ: Yeah, it'll be the key talking points. Okay, Member Sugimura?

COUNCILMEMBER SUGIMURA: So, if you work backwards, if we were to pass this out by December 1, I don't know what the actual Council meeting date is, so that would have to be second and final, then first sometimes in November. And then these...I like this discussion. I agree. I know that during budget postcards were sent out to everybody. You know, everybody's sort of used to seeing postcards from us regarding budget information so that might be another means. But I think also...I think Member Hokama has *Lanai Times*, or whatever Lanai paper, or the Molokai...

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER SUGIMURA: Molokai and...

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR RAWLINS-FERNANDEZ: Right. So, the press release would be released to the media.

COUNCILMEMBER SUGIMURA: Okay.

CHAIR RAWLINS-FERNANDEZ: All of 'em --

COUNCILMEMBER SUGIMURA: All of them.

CHAIR RAWLINS-FERNANDEZ: --in the County.

COUNCILMEMBER SUGIMURA: Okay.

CHAIR RAWLINS-FERNANDEZ: And the *Star-Advertiser* since they now run, you know, on Sundays.

COUNCILMEMBER SUGIMURA: Yeah, the *Star-Advertiser*.

CHAIR RAWLINS-FERNANDEZ: Okay. All right, any other questions or comments before...okay. All those in favor, please say "aye."

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COUNCILMEMBERS: “Aye.”

CHAIR RAWLINS-FERNANDEZ: Any opposed? Okay, the motion passes unanimously.

VOTE: **AYES:** **Chair Rawlins-Fernandez, Vice-Chair King, and Councilmembers Hokama, Kama, Lee, Molina, Paltin, Sinenci, and Sugimura.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **None.**

MOTION CARRIED.

ACTION: **FIRST READING** of revised bill by C.R.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Members. Okay. So, now we’re going back to Article VII. Okay. All right. Okay, 3.48.305, we’re going to take the exceptions in order. Okay, one, *Real property that is used as the owner’s principal residence and has been granted either a home exemption in accordance with Sections 3.48.410 and 3.48.450, or an exemption in accordance with Sections 3.48.410 and 3.48.475 shall be classified as “owner-occupied” without regard to its highest and best use.* And then I’ll...so this is the...okay, so the way it’s structured is *classifications established in the general plan of the State, other factors influence the highest and best use, except,* and then this is the exception for Owner-occupied. So, we’re not saying definition because this is not a definition. We’re saying that everything is highest and best use except these descriptions, and the description for Owner-occupied is B.1., and that’s what I just read. I’ll ask if the Department has any comments on that, and then I will go to Pro Temp Kama, and then work our way down for comments and questions. Director?

MR. TERUYA: No comments, Chair.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. Pro Temp Kama?

COUNCILMEMBER KAMA: No comment.

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CHAIR RAWLINS-FERNANDEZ: Mahalo. Member Sugimura?

COUNCILMEMBER SUGIMURA: I need to digest it.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SUGIMURA: Pass.

CHAIR RAWLINS-FERNANDEZ: Member Paltin?

COUNCILMEMBER PALTIN: Support.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Member Hokama?

COUNCILMEMBER HOKAMA: So, same question, Director, as before.

VICE-CHAIR KING: On the Ag?

MR. TERUYA: Chair?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: I'm assuming the question is whether or not the Owner-occupied is applied to the entire parcel. Is that the question? Chair, under this proposal, it still is the same that when you own and apply and receive a home exemption granted by the Department, the entire parcel will be Homeowner.

VICE-CHAIR KING: No change in it.

CHAIR RAWLINS-FERNANDEZ: I'm sorry. So, you said that there's no change?

MR. TERUYA: Chair...

CHAIR RAWLINS-FERNANDEZ: That it's consistent with what we're practicing.

MR. TERUYA: I'm hoping I'm reading the most recent. I know it's changed from a parcel to real property. I'll defer to the Division if that's going to be administered any differently.

CHAIR RAWLINS-FERNANDEZ: Okay. Director, so if you look at the first page, it'll...on the bottom right it'll say, received at EDB meeting on 10/17, and that's the most recent. And if you'd like to put a star on the top, you can. Okay.

COUNCILMEMBER HOKAMA: Okay, so just so you guys know where I am, yeah, on this policy issue. Especially on non...home...Residential zone, you have now

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different permitted uses. One is the Homeowner. I have no problem to grant that homeowner and that structure his Homeowner's exemption and Homeowner's benefit, whatever it is, the rate or adjustment in assessment. The balance of the acreage under the different zoning, Agricultural, I expect that person to pay whatever is that rate for the balance of the property, okay. So, just like the Ag guy that lives in Kahului and farms up Kula on ten acres, he gets no benefit from his homeownership or home exemption for that ten acres. So, I'm looking at fairness of how we're going to tax the land.

CHAIR RAWLINS-FERNANDEZ: Ms. Martin? Okay.

MS. MARTIN: In this language today we've...we're moving from the word "parcel" to "real property." And that will give us options moving forward. To make a larger change, we would probably move to amending 3.48.450, and we would couple that with this language "real property" versus "parcel."

CHAIR RAWLINS-FERNANDEZ: I like that. Mahalo, Ms. Martin.

COUNCILMEMBER HOKAMA: The Director wants --

CHAIR RAWLINS-FERNANDEZ: Director?

COUNCILMEMBER HOKAMA: --to answer, Chair.

MR. TERUYA: Thank you. Thank you, Chair. And that's why I...this language alone will help you do that, but ultimately the Code portion that needs to be amended is 450 in the home exemption portion of the Code, the definition of home. So, like I said, I think this helps. But I don't think this in itself will address Mr. Hokama's concern because ultimately we need...

COUNCILMEMBER HOKAMA: Oh, yeah, if this is going to be helping legislation, I'm going to tell the Chair, let's go. I'm ready to support it. I just need to be clear that that's what my understanding is because I get people who are not paying their fair share of taxes, okay, currently.

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Chair, it's moving to the direction that Mr. Hokama is speaking in favor of to address issues where properties are used for multiple things other than the homeowner, i.e. commercial, short-term rental, et cetera, that those would be parsed out and treated accordingly. I think that is what he's alluding to. And I believe this language moves towards that direction, Chair. Thank you.

CHAIR RAWLINS-FERNANDEZ: Director, I thought when we discussed that you said that if it was zoned differently, you would assess accordingly.

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MR. TERUYA: Yes, that is true, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director.

COUNCILMEMBER HOKAMA: Thank you, Chair. I appreciate this.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Chair King?

VICE-CHAIR KING: I support.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Member Lee?

COUNCILMEMBER LEE: Support.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Molina?

COUNCILMEMBER MOLINA: Support.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Sinenci?

COUNCILMEMBER SINENCI: Support.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay. I think...oh, Member Sugimura, did you have a question?

COUNCILMEMBER SUGIMURA: I have a question regarding Agriculture, right? So, what about, if I could ask the Director, in this discussion what about those Ag parcels that are...the owners that are, you know, kind of retired out, and they have their Ag parcels. What would happen to them?

COUNCILMEMBER PALTIN: You mean like gentlemen estates?

COUNCILMEMBER SUGIMURA: Not gentlemen estates. But old-time farmers.

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: Chair, that's a two-part question really because ultimately they're a homeowner, so their classification still be Homeowner. But the valuation-wise, if you're going to retire and not do farming, then the valuation goes from Agriculture to highest and best use.

CHAIR RAWLINS-FERNANDEZ: Yeah, so they have Homeowner. So, regarding this, it's Homeowner.

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MR. UEOKA: Chair?

CHAIR RAWLINS-FERNANDEZ: Mr. Ueoka?

MR. UEOKA: Just for clarification. Yeah, as the Director said earlier, there's classification, the way you value, and the rate that's assigned later. So, what you're talking about really is in that specific ag case, yeah, the farm...the home site is going to be assessed how it's assessed, and it'll get the home exemption and given the Homeowner rate. I'm not sure about the rest of the farm, but the ag portion, if they're no longer farming, they'll no longer get the benefit of the very low Ag valuation for the property that's no longer in ag. So, it's kind of a different question. This is essentially slightly modifying the existing Homeowner class language and inserting Owner-occupied instead with the change to real property instead of parcel to allow for, as Member Hokama was talking about, the Department to have more leeway in splitting it up on one parcel, instead of saying the whole parcel, portions of real property is the intent here. And removal of the word "exclusively." So, thank you, Chair.

COUNCILMEMBER SUGIMURA: Okay.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Ueoka.

COUNCILMEMBER SUGIMURA: Fine, fine.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sugimura. Okay, consensus. Okay, 2, *Real property improved with a dwelling, as defined in Section 19.04.040, and would not be classified as "owner-occupied," "hotel and resort," "time share," "short-term rental, "commercial/industrial,"--and we'll put a comma there instead of a slash--or "commercialized residential" shall be classified as "non-owner-occupied."* Okay, so here we changed it from the Title 18 to Title 19 as the Department recommended and helped to tighten up the language a bit. Okay, Department, any comments?

MR. TERUYA: I don't have any initial comments right now. You have comments?

MR. UEOKA: Chair?

CHAIR RAWLINS-FERNANDEZ: Mr. Ueoka?

MR. UEOKA: I believe the Department was looking at it, and I don't believe there's any objections to it at this time. But just so they're clear that they're not sure on the total ramifications of basically the, I believe, Ag, Apartment, and Conservation classified properties with a dwelling that don't have the home exemption being placed into Non-owner-occupied. So, I don't know if the Department's had the opportunity to run all the numbers yet and see exactly

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what the ramifications of this classification would be. But they're not for or against it. It's just it's kind of an unknown right now to them. So, just...they wanted that to be clear. Thank you.

COUNCILMEMBER SUGIMURA: So, what is the impact?

UNIDENTIFIED SPEAKER: They don't know...

COUNCILMEMBER SUGIMURA: Yeah. Do we need to know that before we move forward?

COUNCILMEMBER KAMA: We should know that.

CHAIR RAWLINS-FERNANDEZ: I thought the impact was something that we discussed during the TIG. Oh, okay. Ms. Martin?

MS. MARTIN: We've looked at the number of parcels that are going to move from these categories. The number in the Conservation class is relatively small, but the number in the Agricultural class is quite significant. That's going to be the bulk of the movement, is from Agricultural to this Non-owner-occupied. So, if you can think of Maui Meadows right now in Kihei, all those parcels that don't have the home exemption, were in Agricultural will now be in Non-owner-occupied, along with the Urban subdivisions, say, on the other side of the highway in Kihei. They will all be in one class now.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Martin. I'll start with Member Sinenci, and then work our way down.

COUNCILMEMBER SINENCI: Support.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Molina?

COUNCILMEMBER MOLINA: Support.

CHAIR RAWLINS-FERNANDEZ: Member Lee?

COUNCILMEMBER LEE: Support.

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: Support.

CHAIR RAWLINS-FERNANDEZ: Member Hokama?

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COUNCILMEMBER HOKAMA: Is this only going to be a regional area that may have a potential issue? It wouldn't impact anything like...like me on Lanai, right? I get one parcel that is like 40,000 acres.

CHAIR RAWLINS-FERNANDEZ: Ms. Martin?

MS. MARTIN: Yes, Lanai has the largest parcel, I think, in the State. And right now that parcel is assessed many different classifications based upon the individual uses, based upon the rights that each of those portions are afforded.

COUNCILMEMBER HOKAMA: Okay. Well, I'm open to it at this time, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Member Paltin?

COUNCILMEMBER PALTIN: Support.

CHAIR RAWLINS-FERNANDEZ: Member Sugimura?

COUNCILMEMBER SUGIMURA: So, what happens to all of my Mahi Pono land?

CHAIR RAWLINS-FERNANDEZ: Huh?

COUNCILMEMBER SUGIMURA: Is it not even involved in this?

CHAIR RAWLINS-FERNANDEZ: No, it's...okay. Ms. Martin?

COUNCILMEMBER SUGIMURA: Yeah, I mean...you know what I mean. It's 41,000 acres in my district so I was just curious.

MS. MARTIN: The Mahi Pono land is not improved with a dwelling, and is vacant. So, it will remain in the Agricultural class.

COUNCILMEMBER SUGIMURA: Okay.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Martin, okay. Pro Temp Kama?

COUNCILMEMBER KAMA: I was just curious. Do we know that there's not one dwelling on there? But anyway, I support this.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. Okay, consensus. Okay, number three, four, five, six. Okay, everything else was not changed. So, we're going to keep moving forward, yeah, good. Huh? Oh, Apartment. Oh, yeah, yeah. Sorry. Okay, we're going to insert a...exception for Apartment and...okay, here we go. We have a proposed definition for Apartment, and we can insert that...3. So, it could go as the new number 3.

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UNIDENTIFIED SPEAKER: New number 3?

CHAIR RAWLINS-FERNANDEZ: Yeah. And the...and Staff is distributing the proposed language. So, multi-dwelling unit improvements containing five or more dwellings, and would not be classified short-term rental, must be classified "Apartment." So, that's the proposed language. It's consistent with Title 19, Planning's definition of Apartment. Okay, so I'm going to take it in order starting with Department, and then we'll go to Pro Temp Kama, okay. Department?

MR. TERUYA: Chair, no comment right now.

CHAIR RAWLINS-FERNANDEZ: Okay, mahalo. Pro Temp Kama?

COUNCILMEMBER KAMA: I'm good.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Sugimura?

COUNCILMEMBER SUGIMURA: Good.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Paltin?

COUNCILMEMBER PALTIN: I have a concern. Is it go without saying that short-term rentals are not included in this definition? Or, does it need to be spelled out?

CHAIR RAWLINS-FERNANDEZ: It says, not classified short-term rentals.

COUNCILMEMBER PALTIN: Oh, oh, sorry.

CHAIR RAWLINS-FERNANDEZ: Good?

COUNCILMEMBER PALTIN: Yeah, yeah, yeah.

CHAIR RAWLINS-FERNANDEZ: Okay. Any other concerns?

COUNCILMEMBER PALTIN: I guess, are we saying...the concern is like is it not short-term rental at all? Or, what if two is short-term rental and three isn't?

CHAIR RAWLINS-FERNANDEZ: Ms. Martin, do you have a response for Member Paltin's question?

MS. MARTIN: It's a appraisal question. It would be answered by highest and best use analysis under A. So, it would be allowed to do short-term rental. And we would make the determination if that was highest use which, of course, it

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probably would be because the income to the property would probably be higher.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Paltin? Do you want a couple of minutes? Mr. Ueoka?

MR. UEOKA: If I can try interpret. So, you're concerned if the apartment building typically...

COUNCILMEMBER PALTIN: I know we kind of went over that before.

MR. UEOKA: Yeah. So, the difference between...you're clear on the difference between a condo and an apartment, right? Condos are...each unit is individually owned.

COUNCILMEMBER PALTIN: Yeah.

MR. UEOKA: Or, might not be individually owned but, separate parcels in a sense.

COUNCILMEMBER PALTIN: Units.

MR. UEOKA: So, for the apartment, if it is grandfathered in where it can do short-term rental, for the whole building, the apartment, highest and best use, would be short-term rental.

COUNCILMEMBER PALTIN: Even if it's just one unit doing short-term rental.

MR. UEOKA: No, no, you're going into actual use now. We're getting rid of actual use so it's the highest and best use for the entire building would be short-term rental. I'm not sure if Planning...I don't think you can do a short-term rental permit for one unit in Apartment because it's not its own TMK. It's part of the whole building. I would not imagine you could.

COUNCILMEMBER PALTIN: I don't think they even do permit because it's legal without a permit.

MR. UEOKA: Oh, no. I...okay, if it's part of that...I know he never liked us saying it but part of the Minatoya rule, that would be for the whole building. It wouldn't just be two units in the building are allowed to do it. It would be the whole building it's authorized for.

COUNCILMEMBER PALTIN: Regardless if it's one owner or individually-owned.

MR. UEOKA: Correct. Everyone in there would have to fall under short-term...well, I'm sorry. It wouldn't have to, but for classification, it would fall under short-term rental. If the person lived there, it would be Owner-occupied, so...

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COUNCILMEMBER PALTIN: And even in this multi-dwelling unit improvements containing five or more dwellings, and would not be...does it matter if it's one owner or five different owners? Doesn't matter. Okay. Support.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Member Hokama?

COUNCILMEMBER HOKAMA: Okay, and again, yeah, Chair, I think this is healthy because I need our community to understand the difference between condo and apartment, two different things. I can support your proposal, Chair, because I support what you have from the TIG on Page 5 under 38.310. That's why I'm assuming you're taking care of the regimes, the property regimes by having each must be separately assessed. So, I think we're on the right track and in the right direction, so I'm in support. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Chair King?

VICE-CHAIR KING: Okay. I just...I had the same concern as Member Paltin about, you know, apartments being 100 percent long-term rentals. So, I mean I was going to propose that we put that in there after the word "dwellings" that contained five or more dwellings, are 100 percent long-term rentals and would not be classified as short-term rentals. But from what you were describing earlier, that's not necessary because there's no chance that anything that's classified Apartment would have any short-term rentals in it.

CHAIR RAWLINS-FERNANDEZ: Mr. Ueoka?

MR. UEOKA: I'm sure Ms. Martin will correct me if I'm wrong. But, yes, if the high...if they are allowed to do short-term rental in an apartment building, their highest and best use would be short-term rental.

VICE-CHAIR KING: Okay. So, no apartments are allowed right now to do short-term rentals.

MR. UEOKA: I'm not saying that. I don't know.

MR. TERUYA: Chair? Chair?

CHAIR RAWLINS-FERNANDEZ: Director?

MR. TERUYA: If it was grandfathered, it will be classified as a short-term rental.

VICE-CHAIR KING: Right. So, anything classified as Apartment would not have any short-term rentals in it. That's...I think that's what our big concern is.

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MR. TERUYA: Unless it has a special use to do it. And if it...and if so, then it's not going to be classified as an Apartment.

VICE-CHAIR KING: Okay, so then --

MR. TERUYA: So, everything that --

VICE-CHAIR KING: --that's what I was trying to say --

MR. TERUYA: --would be classified Apartment will be --

VICE-CHAIR KING: --that anything classified as Apartment...

MR. TERUYA: --for long-term purposes.

VICE-CHAIR KING: Okay, okay, that's...okay. Then I'm good. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Chair King. Member Lee?

COUNCILMEMBER LEE: Support.

COUNCILMEMBER PALTIN: Point of information.

CHAIR RAWLINS-FERNANDEZ: Member Paltin?

COUNCILMEMBER PALTIN: When we're talking about that is an apartment, we're not talking about zoning though, just to clarify, right?

CHAIR RAWLINS-FERNANDEZ: Mr. Ueoka?

MR. UEOKA: I guess when we're looking at classification, you can never not look at zoning 'cause that's the first thing you look at. You look at zoning first, and highest and best use which highest and best use is directly tied to what you're authorized to do via zoning, and then there's all these exceptions where you go into Owner-occupied, you go into Non-owner-occupied, you go into Apartment, go into Time share, you go into...so zoning is affected here. So, what you're talking about is if there's an apartment building built on Hotel-zoned property, if it's an apartment built on Apartment-zoned property that is not grandfathered in via the...that other system, then it would be Apartment, if they built an apartment there, yes. Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Mr. Ueoka. Member Molina?

COUNCILMEMBER MOLINA: Support.

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CHAIR RAWLINS-FERNANDEZ: Mahalo. Member Sinenci?

COUNCILMEMBER SINENCI: Support.

CHAIR RAWLINS-FERNANDEZ: Okay. So, looks like we have consensus. Okay, okay. Moving forward. Okay, all right. So, for 3.48.305 we have C, that entire thing...so this is the condominiumization is being repealed. Consensus?

UNIDENTIFIED SPEAKER: Yeah. Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay, all right. Next page, 3.48.310 *Assessment of lots and parcels. Whenever land has been divided into lots or parcels as provided by law, each such lot or parcel must be separately assessed. Each condominium unit and its appertaining common interest is a parcel and must be separately assessed.* Okay, consensus...oh, I'm sorry. I'll explain. So, the Department asked to put this in because even though we're repealing the condominiumization law we still have condos so they still need to be assessed accordingly. Consensus? Okay, great. Okay, so there's been no proposed changes. There's nonsubstantive changes to remove the gender-specified pronouns. Okay. Okay. And then, so on Page 8, and that is 3.48.340 Valuation of buildings-Additions, modifications or new work. There was a proposal to strike B.1., and there was some discussion about that. Department recommended we leave it in until we have a better understanding. So, we're leaving it in, and the only thing that we're changing is on B.2. We're striking the mayor, or any governmental officials designated by him and approved by the council, and we're replacing it with a County inspector, and that was something that the Department supported, yeah, okay. Consensus?

COUNCILMEMBERS: Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay, great.

COUNCILMEMBER HOKAMA: We're leaving number 1. Correct, Chair?

CHAIR RAWLINS-FERNANDEZ: Yes, it's staying in.

COUNCILMEMBER HOKAMA: Right.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay, again just the gender-specific pronouns have been removed. Okay. So, on Page 15 and that is Section 3.48.365 Lands dedicated for residential use. We are...where is it? Oh here. Okay, so that is section...Subsection E. Striking the language at the end, *automatically renewable thereafter for additional periods of ten years subject to cancellation by either the owner or the director of finance.* And adding in Section J. *After the effective date of this subsection, no parcel of land may be dedicated for*

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residential use pursuant to this section, and no existing dedication authorized by this section may be renewed. This section will be repealed on December 31, 2020. And I'll ask Ms. Martin if you would please explain that. Oh, okay. Mr. Ueoka? Mahalo.

MR. UEOKA: Thank you, Chair. When the Chair spoke to us about this, and she wanted to repeal this section, and Ms. Martin agreed that this section should be repealed due to all of the other revisions 'cause it just could create confusion and potentially a loophole. So, the idea is to not make the dedications automatically renewable and to basically sunset the section after the date of the last...the expiration of the last dedication. That's why it's December 31, 2020. So, it's really just to clean it up and make sure that that other changes you made can't be circumvented through another fashion. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Ueoka. And then please correct me if I'm wrong, Ms. Martin. So, the concern here was that by repealing the condominiumization section, that there would be a flood of those wanting to go into...to utilize this section to continue to use loopholes. Okay. Consensus?

COUNCILMEMBERS: Consensus.

CHAIR RAWLINS-FERNANDEZ: Okay, great. Okay, and then the last section of this bill that we had...the TIG had proposed for this Council to consider is 3.48.368, Lands dedicated for long-term affordable rental use, or long-term rental use. So, before this meeting and after the last, I met with the Department and there was a long list of concerns and amendments that would need to be made in order for this to work the way we envisioned it to. And this section, as it's written, we...wouldn't become effective next fiscal year anyway because people would need to apply for it before the...what's the word...before the time, before the deadline that's stated in this section which is September, and we've already passed that time. So, we're...my proposal is that we look more into how we'll make this work in TIG Part 2. Okay, Department, any comments on that? Director?

MR. TERUYA: Thank you, Chair. And I think this was a lot to chew already. I think...I don't doubt that the Mayor and the Council is supportive of a...I think we're all supportive of a long-term dedication, a lower affordable, et cetera, et cetera, but this was just a lot of language right here, and may need a little bit more time to understand how this program works, and then how we're going to be maybe giving out breaks for low or moderate, et cetera. I think we're all of the same opinion, it's just a matter of time of working the details. So, at this time I appreciate, Chair, for striking at this point. Thank you.

CHAIR RAWLINS-FERNANDEZ: Members, any comments? Okay, I'll just go down the line. Member Sinenci?

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COUNCILMEMBER SINENCI: Support.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Molina?

COUNCILMEMBER MOLINA: Support.

CHAIR RAWLINS-FERNANDEZ: Member Lee?

COUNCILMEMBER LEE: Likewise.

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: So, just to clarify. We don't...do we have any support for persons who are renting long-term? Or, are we just...

CHAIR RAWLINS-FERNANDEZ: Not right now. And this section wouldn't become effective next fiscal year anyway.

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: So, it gives us a little more time to --

VICE-CHAIR KING: Okay, so originally --

CHAIR RAWLINS-FERNANDEZ: --achieve that.

VICE-CHAIR KING: --you had this whole section, and now we're just striking the entire section.

CHAIR RAWLINS-FERNANDEZ: Yes.

VICE-CHAIR KING: Okay. Okay.

CHAIR RAWLINS-FERNANDEZ: I know. I don't want to either but...yeah, Chair King. Member Hokama?

COUNCILMEMBER HOKAMA: Good.

CHAIR RAWLINS-FERNANDEZ: Okay. Member Sugimura? Pro-Temp Kama?

COUNCILMEMBER KAMA: Ditto.

CHAIR RAWLINS-FERNANDEZ: Okay, great. Okay, that is the entire bill. Mr. Galazin?

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MR. GALAZIN: Thank you, Chair. I wanted to just circle back to the one just prior to the one we touched on with 3.48.365, adding in that subsection J at the end. The last sentence there, that this section will be repealed on December 31, 2020. Is that the entire Section 3.48.365?

CHAIR RAWLINS-FERNANDEZ: Ms. Martin? Okay, so would you prefer that it be specified? That 3.48.365? That Section 3.48...is that clear?

MR. GALAZIN: No, I think it's clear. I just wanted to make sure that that was the actual intent that...yeah, I think that language will be fine. I just wanted to verify. Thank you.

CHAIR RAWLINS-FERNANDEZ: This is the time if you want to make a proposal.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR RAWLINS-FERNANDEZ: Okay. It'll be in legislative history. Okay, okay, Members, that was the entire bill. Good job. Okay. So, the Chair will entertain a motion to recommend passage on first reading of the further revised proposed bill distributed at today's meeting entitled "A BILL FOR AN ORDINANCE RELATING TO REAL PROPERTY TAX VALUATIONS;" incorporating any nonsubstantive revisions --

VICE-CHAIR KING: So moved.

COUNCILMEMBER KAMA: Second.

CHAIR RAWLINS-FERNANDEZ: --including revisions that we made on the floor today, and any...yeah, okay

VICE-CHAIR KING: So moved.

CHAIR RAWLINS-FERNANDEZ: Moved by Chair King, seconded by Pro-Temp Kama. Discussion? Okay, we discussed it all up. Oh, okay, go ahead, Chair King.

VICE-CHAIR KING: Okay, I just wanted to clarify that we...we're going to follow this up with another TIG--

CHAIR RAWLINS-FERNANDEZ: Yes.

VICE-CHAIR KING: --that's going to look at some of the outstanding issues and hopefully prioritize the exemption for long-term rentals if we can clarify that. Okay, thank you.

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CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Okay, Members, any other questions? Comments? Okay, all those in favor please say "aye."

COUNCILMEMBERS: Aye.

CHAIR RAWLINS-FERNANDEZ: Any opposed? Beautiful. Okay, motion passes unanimously.

VOTE: **AYES:** **Chair Rawlins-Fernandez, Vice-Chair King, and Councilmembers Hokama, Kama, Lee, Molina, Paltin, Sinenci, and Sugimura.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **None.**

MOTION CARRIED.

ACTION: **FIRST READING** of revised bill by C.R.

CHAIR RAWLINS-FERNANDEZ: Okay, and that is everything that we had on the agenda today. I know. I'm so impressed. Good job, EDB Committee. And look it's even before 12:00. You're amazing.

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: I just wanted to thank the TIG Committee again because this was really great work in a short period of time, and thank the Department for working with you to get this done because it's going to be some of the...most meaningful legislation to affect our Budget Session. So, I really appreciate all your hard work.

UNIDENTIFIED SPEAKER: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King, and again mahalo to all the TIG members for all those long, long hours in coming up with these recommendations, and mahalo to the Department for sticking with us in ensuring that we had quality recommendations to provide to the Council, and

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we look forward to continuing to work with the Department and the Mayor in TIG Part 2. And hopefully we can get it all done in TIG Part 2 and not have a TIG Part 3, yeah.

VICE-CHAIR KING: Chair, do we need to...

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: Do we need to make a motion for the second TIG, or you're going to do that at a later date? You just want to give yourselves a break?

CHAIR RAWLINS-FERNANDEZ: Yeah, I mean we do need to make another motion to create that but I...yeah, it's not on the agenda today.

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: And so we'll get that going now that we have completed this work.

VICE-CHAIR KING: Okay, thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo. Okay, okay. It's 11:50 on October 17 and the Economic Development and Budget Committee is now adjourned. ...*(gavel)*...

ADJOURN: 11:50 a.m.

APPROVED:



KEANI N.W. RAWLINS-FERNANDEZ, Chair
Economic Development and Budget Committee

edb:min:191017:rlk

Transcribed by: Reinette L. Kutz

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CERTIFICATE

I, Reinette L. Kutz, hereby certify that 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 this 12th day of November 2019, in Makawao,
Hawaii.


Reinette L. Kutz