

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE

Council of the County of Maui

MINUTES

July 9, 2019

Council Chamber

CONVENE: 9:02 a.m.

PRESENT: Councilmember Kelly T. King, Vice-Chair
Councilmember Riki Hokama, Member
Councilmember Tasha Kama, Member
Councilmember Alice L. Lee, Member
Councilmember Michael J. Molina, Member
Councilmember Tamara Paltin, Member
Councilmember Yuki Lei K. Sugimura, Member (in 9:18 a.m.)

EXCUSED: Councilmember Keani N.W. Rawlins-Fernandez, Chair
Councilmember Shane M. Sinenci, Member

STAFF: Julie Reed, Legislative Analyst
Clarita Balala, Substitute Committee Secretary

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

Evan Dust, Executive Assistant to Councilmember Tasha Kama

ADMIN.: Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel
May Anne A. Alibin, Deputy Director, Department of Finance
Marcy L. Martin, County Real Property Tax Administrator, Department of Finance

Seated in the gallery:
Sananda K. Baz, Managing Director, Department of Management

OTHERS: Jacob Verkerke, Chief Technology Officer, Department of Management

PRESS: Akaku: Maui Community Television, Inc.

VICE-CHAIR KING: ...*(gavel)*... Good morning. This is the...good morning, we have a couple Councilmembers still arriving. This is the Economic Development and Budget

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Committee of July 9, 2019, calling to order at 9:02 a.m. My name is Kelly King. I'm the Vice-Chair of this Committee. Our Committee Chair is out today and so I'll be chairing the meeting. Today, we have with us Councilmembers Mike Molina.

COUNCILMEMBER MOLINA: Good morning, Madam Chair.

VICE-CHAIR KING: Good morning. Councilmember Alice Lee.

COUNCILMEMBER LEE: Madam Chair, from the country of Albania, good morning, miremengjes.

VICE-CHAIR KING: Miremengjes. Councilmember Riki Hokama.

COUNCILMEMBER HOKAMA: Chairman. . . .(sneezes). . .

VICE-CHAIR KING: Okay, what country is that from, Mr. Hokama?

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

VICE-CHAIR KING: Councilmember...bless you. Councilmember Tamara Paltin.

COUNCILMEMBER PALTIN: Aloha kakahiaka, Chair.

VICE-CHAIR KING: Aloha kakahiaka. Councilmember Pro Tem Tasha Kama.

COUNCILMEMBER KAMA: Aloha kakahiaka, Chair.

VICE-CHAIR KING: Aloha kakahiaka. And Councilmember Sugimura will be a few minutes late. Councilmember...Council...Committee Chair Rawlins-Fernandez is excused. And Councilmember Shane Sinenci is excused. So, we're going to go right into the...let's see, do we have any testifiers? And actually, I don't have the notes on...I don't usually do introductions when I do Council so I don't have the notes on the introductions, but I want to introduce our Corp. Counsel, Jeffrey Ueoka.

MR. UEOKA: Good morning, Chair.

VICE-CHAIR KING: Our Staff...and, Julie, remind me your last name, sorry.

MS. REED: Reed.

VICE-CHAIR KING: Julie Reed and --

MS. REED: Clarita.

VICE-CHAIR KING: --Clarita Balala. And then I guess we don't have any other supporting Staff. We have from IT, Jacob Verkerke. Are you one of our supporting Staff today, Mr. Verkerke?

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MR. VERKERKE: I'm just testifying. I wasn't asked to...

VICE-CHAIR KING: Oh. Okay. Okay. Thank you. And May Lynn [sic] --

MR. UEOKA: Alibin.

VICE-CHAIR KING: --Alibin, okay, from Finance Department. Okay and I think that's all of our support Staff this morning. Today we have two items on the agenda. We have the Comprehensive Budgeting, Performance, Communication, and Reporting Software. This is from opengov.com. This is a presentation. And then the second item we have is Approving the Director of Finance to Compromise a Claim Relating to Real Property Taxes for Tax Map Key (2) 2-1-013:079 which is EDB-16. And, Members, we're going to start with the presentation. If anyone wants to give testimony ahead of it because you need to get back to work, we're going to take testimony first but we're going to leave testimony open until after the presentation. And so we won't be deliberating during the presentation but you will be able to ask any clarifying questions only. So, Ms. Reed, do we have any testifiers who want to...

MS. REED: Just one.

VICE-CHAIR KING: Okay. Mr. Verkerke, would you like to testify first? I know you have things to get back to. Thank you for being here.

...BEGIN PUBLIC TESTIMONY...

MR. VERKERKE: Good morning, Chair. Good morning, Councilmembers. Thank you for the opportunity to speak first so that indeed I can go back to work. I'm here mostly to state the obvious, I applaud your effort to look at comprehensive budgeting software, and I'm sure you've already considered the fact that it needs to work with the financial systems that we have available in the County already, so I'm hoping that we can have a dialogue about solutions, interfaces, interactions between the various systems. I look forward to working with you on finding a solution that can stop some of the madness that we have experienced for lo, so many years. So, thank you for that.

VICE-CHAIR KING: Okay, thank you for being here. And, Committee Members, any questions? Okay, thank you very much.

MR. VERKERKE: Thank you.

VICE-CHAIR KING: Okay, Ms. Reed, do we have any other testifiers and any from the District Offices?

MS. REED: The District Offices are on the phone if we want to ask at this time.

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VICE-CHAIR KING: Okay. We'll go through the District Offices and we'll start with...and this is for any testifiers who would like to testify this morning, anybody who wants to watch the presentation first and then testify afterward is welcome to do that. So, we'll go to Hana District first. Is...are they there?

MS. REED: Mavis, are you there?

MS. OLIVEIRA-MEDEIROS: I am but I can hardly hear you guys and --

VICE-CHAIR KING: Oh.

MS. OLIVEIRA-MEDEIROS: --it's not on *Akaku* yeah?

VICE-CHAIR KING: It should be. I gaveled in 9:02.

MS. OLIVEIRA-MEDEIROS: Are you calling me for testifiers? I'm sorry, there's no testifiers.

VICE-CHAIR KING: Okay. You want to check, make sure we're on *Akaku*? Oh, okay, it's on. Okay, thank you, Mavis. We'll go next to Lanai.

MS. FERNANDEZ: Good morning, Chair. This is Denise Fernandez on Lanai and there are no testifiers.

VICE-CHAIR KING: Okay, thank you, Ms. Fernandez. And then next we'll go to Molokai.

MS. LINDO: Aloha. Good morning, Chair. This is --

VICE-CHAIR KING: Good morning.

MS. LINDO: --Molokai District Office and there are no testifiers, but I also wanted to acknowledge that the live feed is not working on *Akaku* or Granicus.

. . .END OF PUBLIC TESTIMONY. . .

VICE-CHAIR KING: Okay. Let's see, well, thank you for that information. I thought we were working. Ms. Balala, do you know what's going on? Okay, because I think the live feed needs to be working in order for the presentation to show up, correct?

UNIDENTIFIED SPEAKER: I think a recess, Chair.

VICE-CHAIR KING: Okay, we're gonna do...take a quick recess, and everybody, please stay seated. We're just gonna try to figure out the technical difficulties. . . .(gavel). . .

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RECESS: 9:08 a.m.

RECONVENE: 9:18 a.m.

VICE-CHAIR KING: . . .*(gavel)*. . . Okay, Members, we're reconvening the EDB meeting and we still have technical difficulties so I'm gonna go ahead and recess for 20 minutes 'till 9:30 and hopefully, we can get it on. We just don't know how long it's gonna take and I don't want everybody...pardon, I'm sorry.

MR. UEOKA: Nine-forty, 20 minutes.

VICE-CHAIR KING: Oh, I'm sorry. Yeah, we'll recess 'till 9:40 and then we'll come back and hopefully everything will be in. Because we can't...even if we were trying to...if we flip the items, then we have to close testimony first. So, we're gonna go ahead and be in recess. It's 9:18. We'll return at 9:40 and hopefully everything will be working. . . .*(gavel)*. . .

RECESS: 9:18 a.m.

RECONVENE: 9:40 a.m.

VICE-CHAIR KING: . . .*(gavel)*. . . Okay, Members, this is the reconvening of the July 9, 2019 Economic Development and Budget Committee, and welcome, Councilmember Sugimura who has joined us.

COUNCILMEMBER SUGIMURA: Good morning.

VICE-CHAIR KING: Good morning. And we are having a problem with our live feed which is critical to the presentation so if there are no objections, we'll defer the presentation...the first item, EDB-24(12).

**ITEM 24(12) EDB-24(12) COMPREHENSIVE BUDGETING,
PERFORMANCE, COMMUNICATION, AND REPORTING
SOFTWARE (RULE 7(B))**

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: KRF and SS)

ACTION: DEFER, NO DISCUSSION.

VICE-CHAIR KING: Okay. Deferred and we will move on to EDB-16. And we are getting a recording. We just don't have a live feed right now so this will be shown at a later date.

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**ITEM 16: APPROVING THE DIRECTOR OF FINANCE TO
 COMPROMISE A CLAIM RELATING TO REAL PROPERTY
 TAXES FOR TAX MAP KEY (2) 2-1-013:079 (CC 19-140)**

VICE-CHAIR KING: So, Members, the EDB-16 is approving the Director of Finance to Compromise a Claim Relating to Real Property Taxes for Tax Map Key (2) 2-1-013:079 and this is County Communication 19-140. The County Communication, from the Director of Finance, transmit a proposed...transmits a proposed resolution to compromise a claim relating to taxes for real property identified as the tax map key mentioned earlier in an amount exceeding \$500. So, Maui County Code Subsection 3.48.010(L), requires that for the compromise of any claim exceeding \$500 the Director of Finance shall obtain the approval of the County Council. So, we have May Anne Alibin here today to speak to this issue, and this is a revised resolution which is dated I believe July 1, 2019. Although we don't have Granicus so you won't be able to see. Do we, does anybody need a hard copy? You want to...are you okay with...

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

VICE-CHAIR KING: Oh, it's there? Oh, okay. So, maybe Granicus is back up for us but just not for the live feed. Okay, so our Deputy Director of Finance Alibin, can you maybe give us an introduction and explanation of this resolution, the revised resolution?

MS. ALIBIN: Chair, good morning. And --

VICE-CHAIR KING: Good morning.

MS. ALIBIN: --first of all we would like to thank this body for putting this on the agenda for today's meeting. My name is May Anne Alibin, Deputy Director for Finance. So, with regards to this parcel, we've actually received a request back in 2018 from this taxpayer, and we're hoping that with the approval of this County Council to compromise this claim, we would be able to waive the penalty and interest that had occurred regarding this parcel. And Ms. Martin, the Administrator for Real Property Assessment Division is also here if you have any technical questions. Thank you.

VICE-CHAIR KING: Okay, thank you for that. And, Mr. Ueoka, do you have any opening remarks on this issue?

MR. UEOKA: No, Chair. Just our office did review this and we were in support of the compromise of the claim. This was what we felt and in agreement with Finance was a unique situation. Thank you, Chair.

VICE-CHAIR KING: Okay. Thank you very much. Okay, Members, I'll open the floor for questions and discussion right now. Any...Member Hokama?

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COUNCILMEMBER HOKAMA: Thank you, Chair. Thank you, Director, for being here. So, I'm looking at our RPT Program and so I see 2016 and then 2017 there's a blank and that's...

VICE-CHAIR KING: Mr. Hokama, can I just stop you for a minute?

COUNCILMEMBER HOKAMA: Yes.

VICE-CHAIR KING: 'Cause I just realized I have to close public testimony before we start deliberations.

COUNCILMEMBER HOKAMA: Oh, no problem, Chair.

VICE-CHAIR KING: We didn't do that.

COUNCILMEMBER HOKAMA: No problem.

VICE-CHAIR KING: So, if there's no objections, I'll close public testimony.

COUNCILMEMBERS: No objections.

VICE-CHAIR KING: Okay, public testimony is closed. Thank you. Go ahead.

COUNCILMEMBER HOKAMA: Okay, thank you. And in our agenda that our Committee Chair posted, it specifically brings up a Parcel 079. So, I'm just asking, yeah, on your June 10th correspondence, you list 279:001 [sic], 000, and 002. Can you explain that for us, for me please, Director? Thank you. Or Ms. Martin?

MS. ALIBIN: Chair?

COUNCILMEMBER HOKAMA: Yeah, whoever.

MS. ALIBIN: Yes.

VICE-CHAIR KING: Ms. Alibin?

MS. ALIBIN: Yeah, so in 2017, this Maui Meadows parcel was actually consolidated from a two-unit condominium to a single condominium parcel and has been sold to a new owner who is actually requesting for this waiver.

COUNCILMEMBER HOKAMA: Okay, so one of this TMKs is going to disappear because of the consolidation or two into one? I mean just help us, you know, understand what you need to do to make this work.

VICE-CHAIR KING: Okay. Ms. Martin, are you...

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COUNCILMEMBER HOKAMA: Or does Land Court or Bureau of Conveyances already do it for us?

MS. MARTIN: Chair? The...

VICE-CHAIR KING: Just say your name for the record, your name and title for the record.

MS. MARTIN: I'm Marcy Martin, the Real Property Tax Administrator. In 2017, it was a two-unit condominium.

COUNCILMEMBER HOKAMA: Okay.

MS. MARTIN: The parcel numbers ending in one and two.

COUNCILMEMBER HOKAMA: Okay.

MS. MARTIN: And then in the beginning of the year, the condominium was rescinded and it went back to being a non-condominium parcel which is the parcel ending in the 000.

COUNCILMEMBER HOKAMA: Okay.

MS. MARTIN: And that was recorded through the Bureau of Conveyances.

COUNCILMEMBER HOKAMA: Okay. And the big discrepancy in the taxes is of the condominium, one has a...the structure on it and the other one doesn't, that's why the discrepancy of 6,000 to \$1,600?

VICE-CHAIR KING: Ms. Martin?

MS. MARTIN: Chair? 'Cause it's on Rural land, one unit is the main dwelling --

COUNCILMEMBER HOKAMA: Right.

MS. MARTIN: --and the other unit is only allowed a cottage.

COUNCILMEMBER HOKAMA: If I may please, yeah, Chair?

VICE-CHAIR KING: Continue, Mr. Hokama.

COUNCILMEMBER HOKAMA: Okay, now I'm more confused, yeah, and, you know, I hope I'm not making it more hard for my colleagues, but when I looked at your Department's or your Division's RPT information, tax class says Agriculture now but you just said Rural. So, I'm trying to now figure out what category are we actually with zoning and what PIT code are we using for the tax calculations?

VICE-CHAIR KING: Ms. Martin?

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MS. MARTIN: Sure. Right now, our Rural-zoned parcels are located...are classified in the Agriculture tax rate classification.

COUNCILMEMBER HOKAMA: Okay. Got it. Got it. And what you are proposing to us...so when does the penalty and interest was start, get started for the accumulation? When did Division say, you know, it went past the deadline, da-da, so now we're going to start assessing and calculating the P&Is?

VICE-CHAIR KING: Ms. Martin?

COUNCILMEMBER HOKAMA: Is that after the appeal deadline to appeal your assessment and tax is over? Do you folks receive no request for a tax appeal, then you start putting on the P&Is?

MS. MARTIN: So, the parcel was assessed as a two-unit condominium on January 1st.

COUNCILMEMBER HOKAMA: Okay.

MS. MARTIN: Then on July 1st, the two units were taxed and then bills went out on July 20th. They were due August 20th, and by August 21st they weren't paid and at that point penalty was levied --

COUNCILMEMBER HOKAMA: Okay.

MS. MARTIN: --and then...

VICE-CHAIR KING: You're talking about 2018?

MS. MARTIN: Yes, yes.

COUNCILMEMBER HOKAMA: So, when did the property owner or the trust--since I know it is owned by a trust--make you aware that they are in disagreement with your...their...your calculations?

VICE-CHAIR KING: Ms. Martin?

MS. MARTIN: The mailing address was incorrect for the two CPRs so in the following year, in July 2018, the owner became aware that they were delinquent on the two CPR parcels. He had purchased the single non-condominium parcel.

COUNCILMEMBER HOKAMA: Okay. We sent the two an address given by who, the property owner gave us the address to send the assessment and taxes to?

VICE-CHAIR KING: Ms. Martin?

COUNCILMEMBER HOKAMA: Because I mean if you say we send them to the wrong address or he didn't get it, how...who do we get the address and information from?

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VICE-CHAIR KING: Was it the previous owner?

MS. MARTIN: So, yes, the previous owner had the two CPRs, and when the property sold, escrow gave us the new owner's address --

COUNCILMEMBER HOKAMA: Right.

MS. MARTIN: --on the non-CPR parcel only.

COUNCILMEMBER HOKAMA: Who informs your Division of consolidation or increasing of property regimes? Is it the Land Court notifies your Division? Is it Bureau of Conveyances? How do we know what gets either consolidated or eliminated or increased regarding property regimes?

VICE-CHAIR KING: Ms. Martin?

MS. MARTIN: Chair? So, for condominium properties they are recorded with the State of Hawaii. The difference between a condominium and a subdivision is a subdivision goes through a tax clearance process, and the condominiums because they are managed by the State, doesn't go through a tax clearance process. So, we just are getting the recorded documents.

COUNCILMEMBER HOKAMA: And did we get it very late in the fiscal year whereby it impacted this property owner and now it has now resulted into penalties and interest? Is that what we're being...I mean, the uniqueness of this case?

VICE-CHAIR KING: Ms. Martin?

COUNCILMEMBER HOKAMA: Is that we're dealing with?

MS. MARTIN: No, we received the documents timely. The uniqueness of this parcel is that it was sold immediately after the two units were condominiumized, and so the ownership and the taxes were on the two CPR parcels and the new owner was on the master parcel.

COUNCILMEMBER HOKAMA: So, by consolidating, let's say we, you know, we had two property regimes, now we have none, right, does it really make a difference on assessment and what we taxing? Because the land is the same, the structure is the same.

VICE-CHAIR KING: Ms. Martin?

MS. MARTIN: Chair? The value is the same --

COUNCILMEMBER HOKAMA: Right.

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MS. MARTIN: --it was just the fact that what we're waiving is penalty and interest, it's just the fact that he didn't find out that the taxes were owing until a year later and so he is asking for his penalty and interest to be waived.

COUNCILMEMBER HOKAMA: Has the Council ever made a decision regarding this type of, that's a unique term, compromise? Usually we'd say settlement, right?

VICE-CHAIR KING: Ms. Martin?

MS. MARTIN: Chair? I'm not aware in my employment history of the Council making a compromise like this. This is a very unique situation and because of the uniqueness of the situation the Division has taken steps to prevent this sort of thing from happening in the future.

COUNCILMEMBER HOKAMA: Perfect.

MS. MARTIN: When we get consolidations now, we are mailing two forms to the person who is consolidating these properties, and we've also trained staff on how to handle situations like this going forward.

COUNCILMEMBER HOKAMA: Okay. So, your understanding with the property owner is if Council is willing to go down to, what is it, 2,600...

VICE-CHAIR KING: Up to 2,600.

COUNCILMEMBER HOKAMA: Up to 2,600. Thank you, Chair. That is willing to be paid in full upon Council's final action?

VICE-CHAIR KING: Ms. Martin?

COUNCILMEMBER HOKAMA: Including the taxes, I mean all taxes due the County up to this point?

MS. ALIBIN: Chair?

VICE-CHAIR KING: Ms. Alibin, are you going to answer that?

MS. ALIBIN: Yes. So, based on our discussion with the taxpayer, so the principle and interest as of July 31st is actually \$2470 [sic] and what is total owed is 10,192 that's due as of July 31, 2019.

COUNCILMEMBER HOKAMA: Okay, the 10,000 is just the tax without the penalties and interest?

MS. ALIBIN: Yes.

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COUNCILMEMBER HOKAMA: Okay, very good. Okay, and we have agreement on how he's going to zero out that balance or due to the County? You folks have that agreement, he's going to give you one cashier's check for the full amount upon Council's final action and Mayor's signoff? I mean...

VICE-CHAIR KING: Ms. Alibin?

MS. ALIBIN: That is our understanding, Chair.

COUNCILMEMBER HOKAMA: So, Corp. Counsel, we're okay with this from a documentation and --

VICE-CHAIR KING: Mr. Ueoka?

COUNCILMEMBER HOKAMA: --transaction standpoint?

MR. UEOKA: Thank you, Chair. Yes, we're okay with this. And if he doesn't pay, then we'll...we have all the powers and abilities in the law to go after him for the outstanding amount. But our understanding is he is willing to pay once the claim is compromised.

COUNCILMEMBER HOKAMA: No, that's fine. But I just want to know if you folks have, you know, terms that he's agreed to like, you know, I'll pay within 30 days of the final decision or 45 days after the final decision.

MR. UEOKA: We can, yeah, we can definitely follow that up with him, but our understanding is he is willing to pay as soon as the final...

COUNCILMEMBER HOKAMA: Yeah, no --

MR. UEOKA: Yeah.

COUNCILMEMBER HOKAMA: --I am happy to hear but I just need...

MR. UEOKA: We didn't put anything in writing with him. We made him no promises.

COUNCILMEMBER HOKAMA: Well, I like some reassurance, yeah, that he's going to pay within a reasonable time as the Department feels appropriate, and if not, all penalties and interest will go back and be applied. That's what I would support.

MR. UEOKA: We can speak with him before first reading to...if this does go through to make sure that it will be paid timely upon Council's final approval.

COUNCILMEMBER HOKAMA: Okay.

MR. UEOKA: But that is our understanding as of right now.

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COUNCILMEMBER HOKAMA: Well, that's just my suggestion, yeah, the other Members may view it a certain way, but no, I'm willing to go halfway but I want him to come halfway too. Thank you, Chair.

VICE-CHAIR KING: Thank you, Mr. Hokama. Councilmember Sugimura, did you have a question or comment?

COUNCILMEMBER SUGIMURA: So, I'm just curious, I pulled up his name online and he's an attorney. So, should he have known better since he deals with law?

MR. UEOKA: Chair?

VICE-CHAIR KING: Mr. Ueoka?

MR. UEOKA: We don't discriminate based on what someone's profession is as to what they knew or should have known. We based our decision solely on the facts of the case here that the lack of...or I shouldn't say lack, but the miscommunication and the various unique --

VICE-CHAIR KING: Good response, Mr. Ueoka.

MR. UEOKA: --matters. Thank you.

COUNCILMEMBER SUGIMURA: He's speaking in behalf of himself. But I mean I think that if you're within the profession, if you're not in the profession, then maybe these things kind of could stumble you and maybe you wouldn't know. But if...are you saying that this is his historical tax information that was given to us? Or when was this purchase?

VICE-CHAIR KING: Miss...

COUNCILMEMBER SUGIMURA: What year was the purchase?

VICE-CHAIR KING: Who wants to answer that? Finance? Or, Ms. Martin, can you answer that question?

MS. MARTIN: Sure. He purchased the unit on March 17, 2017.

COUNCILMEMBER SUGIMURA: Two thousand seventeen. Okay. And so he didn't receive it, the proper billing from us because of communication. And Corp. Counsel agrees that this is fair?

VICE-CHAIR KING: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Yes, we did feel that this was a fair compromise.

COUNCILMEMBER SUGIMURA: And Department?

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VICE-CHAIR KING: Ms. Alibin?

MS. ALIBIN: Yes, Chair, we do feel that this is a fair compromise as well.

COUNCILMEMBER SUGIMURA: Okay. I'll listen for more questions.

VICE-CHAIR KING: Councilmember Kama?

COUNCILMEMBER KAMA: So, in 2018, \$7,038 in taxes was paid by? 'Cause they paid it right? Am I not reading this properly?

VICE-CHAIR KING: I'm not sure, who are you talking about that paid those taxes? I don't think it's...

COUNCILMEMBER KAMA: I don't know, that's why I'm asking.

COUNCILMEMBER SUGIMURA: For the parcel.

COUNCILMEMBER KAMA: On the parcel it says 2018, the year, the tax was \$7,038 and they paid it.

VICE-CHAIR KING: Okay. Ms. Martin?

MS. ALIBIN: Chair?

VICE-CHAIR KING: Oh, Ms. Alibin?

MS. ALIBIN: Yes, the 2018 payment was actually paid.

COUNCILMEMBER KAMA: So, who paid it?

VICE-CHAIR KING: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Yeah, Member Kama, he did pay his taxes. He was always willing to pay the taxes on the property, that was never in question.

COUNCILMEMBER KAMA: Okay.

MR. UEOKA: It was he just didn't want to pay the penalty and interest for the 2017 taxes, that was his issue.

COUNCILMEMBER KAMA: Oh.

MR. UEOKA: So, he is current on his 2018 --

COUNCILMEMBER KAMA: Okay.

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MR. UEOKA: --taxes and we've been in discussion with him on the payment of the 2017.

COUNCILMEMBER KAMA: Oh, that's what that is. Okay.

VICE-CHAIR KING: So, we're not waiving any of the taxes, we're just waiving the penalties and interest?

COUNCILMEMBER KAMA: Penalties and fees.

VICE-CHAIR KING: Right.

MR. UEOKA: That is correct, Chair. Thank you.

VICE-CHAIR KING: Mr. Hokama?

COUNCILMEMBER HOKAMA: Chair, you know, I glad you brought that up because my understanding is we're not waiving penalties and interest, right, we are saying we're willing to cap it at \$2,600 right? Isn't that --

VICE-CHAIR KING: No.

COUNCILMEMBER HOKAMA: --what you're telling me?

VICE-CHAIR KING: This is actually waiving up to 2,600.

COUNCILMEMBER HOKAMA: Oh, okay, okay, okay. Okay. Because what he owes us now in P&I is 2,400?

MR. UEOKA: That is correct.

COUNCILMEMBER HOKAMA: And your request is to go to 2,600 which would zero out his 2,400 P&I?

VICE-CHAIR KING: Right.

COUNCILMEMBER HOKAMA: Okay. Yeah, thank you. Thank you.

VICE-CHAIR KING: So, then the...if we can get...if we get this done, then the penalties, what we're waiving is the 2,400. If it had gone on, we would go up to 2,600. That's the, that was the point of that amount. Okay. Member Paltin?

COUNCILMEMBER PALTIN: I just was wondering if it's possible to waive the penalty and not the interest?

VICE-CHAIR KING: Mr. Ueoka?

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MR. UEOKA: Thank you, Chair. The Council can compromise whatever dollar amount they wish. Our discussion with the taxpayer was for the, all of it, the P and...the penalty and interest so that's what we were in agreement with him on, or verbal agreement with him on. So, if the Council chooses a different number, we can discuss that with him. But again, it was out of fairness that we felt waiving the penalty and interest was the right thing to do. But again, it's the Council's decision on these compromises of claims. Thank you.

COUNCILMEMBER PALTIN: And ultimately if you don't pay the taxes whose fault is it?

VICE-CHAIR KING: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. The tax, the property owner is responsible for payment of taxes. That is correct.

COUNCILMEMBER PALTIN: Okay, thank you.

VICE-CHAIR KING: Okay. Any other...oh, Councilmember Molina?

COUNCILMEMBER MOLINA: Thank you, Chair. Good morning, Ms. Martin. So, in one of your responses to Member Hokama it's, I guess, was it the purchaser's escrow company that didn't provide the updated address to the County? Am I correct with that interpretation of what you said?

VICE-CHAIR KING: Ms. Martin?

COUNCILMEMBER MOLINA: And the reason I ask 'cause it sounds like there's fault. I mean is there fault on our part as well as the purchaser as well? It sounds like there's shared responsibility if you will. Can I --

VICE-CHAIR KING: Ms. Martin?

COUNCILMEMBER MOLINA: --get a clarification?

VICE-CHAIR KING: Oh, Mr. Ueoka, do you want to answer that?

MR. UEOKA: Thank you, Chair. I hate to use the word "fault" just 'cause of the weight it carries --

COUNCILMEMBER MOLINA: Sure.

MR. UEOKA: --typically. Things could have been done better all around and...

COUNCILMEMBER MOLINA: On both ends, on our end and...

MR. UEOKA: On all sides. And out of fairness, the Director felt that this compromise would be the right thing to do for, in fairness.

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COUNCILMEMBER MOLINA: Okay.

MR. UEOKA: Thank you, Chair.

COUNCILMEMBER MOLINA: Okay. And does the Real Property Division have like payment plan? Because I know Member Hokama had mentioned about paying in full. I know the State, they do have payment plans and I speak from experience. Does the County have a payment plan they can arrange with the property owners or...

VICE-CHAIR KING: I don't think he's asking for a payment plan.

COUNCILMEMBER MOLINA: Yeah, I know but I'm just curious. It's kind of leading up to my next question or statement.

VICE-CHAIR KING: Ms. Alibin?

MS. ALIBIN: Chair, typically we do offer payment plan agreement on delinquent properties that are to be auctioned out. So, but in this case because he's actually up to date on the other tax years it's just the 2017 that he's requesting for...

COUNCILMEMBER MOLINA: And, but he's willing to pay in full without going through a payment plan process as well with this property purchases, yeah? So, well of course his preference is to waive the penalties and interest. I know like the IRS they do it like a one-time thing, it's not to be done all the time if there's delinquency in paying taxes. So...

VICE-CHAIR KING: Mr. Molina, just, I just wanted to let you know that I spoke to Mr. Teruya about this and our Committee Chair spoke to Mr. Teruya, and I asked him why he didn't just go ahead and pay the taxes and then haggle out the penalties and fees. But his concern was that if he paid the taxes that some of that money would go towards penalties and interest and he would never get that back. So, he's willing to pay if we...if we work this out, he's willing to pay the taxes. You know I believe he's willing to pay the taxes at one time according to the Director, but he was holding out to get the penalties and interest or the fees and interest waived.

COUNCILMEMBER MOLINA: Okay. Yeah, well, Madam Chair, for me I still think there's responsibility on both sides. I mean I'm willing to adjust downwards, but I don't know about waiving the full, you know, penalties and interest. That was just my take but whatever the majority feels. But, you know, there has to be some responsibility, I mean on the purchaser as well. And the escrow company too, yeah? I mean, I don't know, maybe I'm wrong, I'm just reading this wrong. Mr. Ueoka wants to comment.

VICE-CHAIR KING: Mr. Ueoka?

MR. UEOKA: Yeah, thank you. Just we, we're...we aren't in any agreement with the escrow company really, and I believe they did give the information. It was lack of knowledge

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on the part of the purchaser. He never got it, you know, the bills and everything. So, there is a clause that, you know, you're supposed to know you owe real property tax, but the Director and we were kind of all in agreement it's tough to pay a bill that you never get in the mail, you're just supposed to know, and especially for real property taxes. I don't know what this person's situation is, but a lot of people's real property taxes are paid through their mortgage so they don't even necessarily know when their real property taxes are due and owing, it's your mortgage company takes care of it. So, those are some of the factors taken into consideration when agreeing to waive the penalty and interest on this property or compromise the claim. Thank you.

COUNCILMEMBER MOLINA: Yeah, okay. I just think we're being a little too lenient but that's just my opinion. But it is what it is so, you know, and of course there's the other argument that says ignorance of the law, you know, that philosophy as well. So, anyway, but thank you, I appreciate the...

VICE-CHAIR KING: There's also the cut your losses because if we stretch it out those figures are going to go up. Councilmember Paltin?

COUNCILMEMBER PALTIN: I kind of agree with Member Molina. You know when you search the real property tax records, he has another property in the Maui Meadows and he paid the taxes for that. So, I mean even if it is rolled into your escrow or your mortgage, they print out a statement. So, you know, there is some responsibility for a property owner who has multiple properties here in Maui to...that's a lawyer to read his documents. And I think that if we're calling it a compromise, waiving all of the taxes isn't a compromise, it's just giving him everything and a compromise would be to waive the penalties and the interest is still there for the property. So, I kind of back up Mr. Molina.

VICE-CHAIR KING: The word compromise is a terminology for waiver. I mean I guess you could have put the word waiver in there, but it was, it's a technical term according to the Director. But I also wanted to share that we...this was discussed a couple of months ago, they were going to bring it forward and then the Director took a second look at it and looked at the, you know, the side that you're ascribing to which is, you know, what is the responsibility of the owner. And then he came back with after further researching it that this was actually a fair...so this was the final recommendation from the Director of Finance. So, I think he went back and forth on this issue as well. So, Councilmember Lee?

COUNCILMEMBER LEE: Just to let you know that I'm going to support the recommendation of the Department, because the longer we stay on this it's costing us more than \$2,000. And then on top of that if he sues us and goes to court then, you know, it can get messy. So, you know, mistakes on both sides I see and so that's why I'll support the...I'm sure they gave it a lot of thought and analysis. Thank you.

VICE-CHAIR KING: Thank you, Councilmember Lee. Councilmember Kama?

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COUNCILMEMBER KAMA: Just curious question, what is the...okay, so there's one building on this property, right? So, what is that one building used for?

VICE-CHAIR KING: I believe it's a residence.

COUNCILMEMBER HOKAMA: It's a five-bedroom, five-bath structure.

COUNCILMEMBER KAMA: Yeah, so what's it used for, is it a residence?

VICE-CHAIR KING: Ms. Martin?

COUNCILMEMBER KAMA: If he has other properties in Maui, I mean does he use it, does he rent it out? I mean I'm just curious.

VICE-CHAIR KING: Ms. Martin?

MS. MARTIN: Chair, it is a residential property and at this time he does not have a homeowner exemption. He did apply for a homeowner exemption and I think that's what brought attention to this. You cannot be granted the homeowner exemption if you're delinquent.

COUNCILMEMBER KAMA: So, is he the homeowner that lives there?

VICE-CHAIR KING: Ms. Martin?

MS. MARTIN: At this point in time we're not sure.

COUNCILMEMBER KAMA: Should we be sure?

VICE-CHAIR KING: Well, we're not giving him a homeowners' exemption, so.

COUNCILMEMBER KAMA: I know but should we be sure that he is living there, not living there? I mean --

VICE-CHAIR KING: Ms. Martin?

COUNCILMEMBER KAMA: --'cause doesn't that just change your tax code then?

COUNCILMEMBER HOKAMA: Yeah, we're factoring that.

VICE-CHAIR KING: If you...yeah, if you're not living there, if you're...and depending on if it's a short-term rental or a long-term rental. Ms. Martin?

MS. MARTIN: Currently, he's classified in the Agriculture tax rate category which is a non-owner occupant category and he isn't contesting the classification.

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COUNCILMEMBER KAMA: Oh, I'm not either, I'm just curious about where this could take us and whether we have the ability to say yeah, let 'em go or no, let him pay it out. I don't know, I'm just asking questions. Thank you, Chair.

VICE-CHAIR KING: Thank you. Councilmember Hokama?

COUNCILMEMBER HOKAMA: I'm in similar thought with my colleague Ms. Lee, Chair. Couple things, I think everybody could have done this a little better so I would agree with that comment from Corporation Counsel. The other thing is also that maybe Mr. Ueoka can help us with is there's already things in the Code that apply to this. So, is my understanding is if he did give us a check for \$10,000, the Code directs the Department that the first portion goes to penalties and interest. That's by Code, that's our law already, it is not a discretionary decision on the Department, you have to subtract the P&I. And so, I can understand the process you folks coming before us today as the Code exists. Yeah. So, I understand that point. But I would agree, you know, if anything this has given me a red flag regarding land zoning, tax rate, and actual use of the land, property, yeah. Because for ag there's a concrete addition, one pad, okay, that ain't for farming. I know that. Yeah. So, I think we should red flag it and ensure that we taxing at the right use. Because I don't have a problem with the Ag rate right now, Ag rate is higher than Residential so I think we're getting it all. And he's never contested the tax before, right? He's paid full...well, everybody...well, is what we see is everybody has paid and agreed to the rate and the category. So, I don't see a problem. So, thank you, Chair.

VICE-CHAIR KING: Okay, thank you, Mr. Hokama. Okay, any...if there's no other...oh, Mr. Molina, you have a...

COUNCILMEMBER MOLINA: Yeah, just one...never mind. I'll just wait for your motion. I'll --

VICE-CHAIR KING: Okay.

COUNCILMEMBER MOLINA: --comment then.

VICE-CHAIR KING: Okay. So, at this point I'll entertain a motion to...

COUNCILMEMBER PALTIN: Can I ask one more question?

VICE-CHAIR KING: Oh. Ms. Paltin?

COUNCILMEMBER PALTIN: Was it 2019 that he applied for the homeowner exemption for this parcel, the one that he's...or was it 2017 or 2018?

VICE-CHAIR KING: Ms. Martin?

MS. MARTIN: Chair, we have on record that he came into the office on July 23, 2018, to file for the home exemption.

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COUNCILMEMBER PALTIN: For the 2019 year?

MS. MARTIN: Correct.

COUNCILMEMBER PALTIN: Okay, thanks. 'Cause I guess he was homeowner exemption on his other property up until then, but then for 2019 he didn't get either one, so that makes sense. Thank you.

VICE-CHAIR KING: Thank you. Okay, so if there's no other discussion, the Chair will entertain a motion to recommend the adoption of the revised proposed resolution entitled Approving the Director of Finance to Compromise a Claim Relating to Real Property Taxes for Tax Map Key (2) 2-1-013:079; incorporating any nonsubstantive revisions made by the Committee today and any made by OCS; and the filing of County Communication 19-140.

COUNCILMEMBER LEE: So move.

COUNCILMEMBER HOKAMA: Second.

VICE-CHAIR KING: Moved by Councilmember Lee, seconded by Councilmember Hokama. Any discussion? Councilmember Molina?

COUNCILMEMBER MOLINA: Yeah, Madam Chair, and my questions were more of a matter of principle and, you know, I have to agree with, you know, what Members Lee and Hokama said. The amount is basically small, what we're willing to waive, the 2,386. My preference in my own little world would have been like maybe half of that because of, you know, there's shared responsibility, but, you know, you end up spending more time, it ends up costing you more. And I appreciate the fact that the Department is now taking measures to prevent something like this from happening in the future. So, you know, based on the comments of, you know, my Council elders, Mr. Hokama and Ms. Lee, and I say that in terms of years of experience, not in terms of age. So, I think better to, you know, just resolve this and now that we have measures in place to prevent this from happening. I'll go ahead and support the motion.

VICE-CHAIR KING: Okay. Thank you.

COUNCILMEMBER MOLINA: Thank you.

VICE-CHAIR KING: Thank you for clarifying elders because I was going to remind you that I'm only a few months older than you. Councilmember Paltin?

COUNCILMEMBER PALTIN: Just wondering if this would be the appropriate time to put in like that he would pay in full in a timely manner or before first reading?

VICE-CHAIR KING: Well, this is...we have a motion on the floor so if you wanted to make an amendment, you can do that. But, Mr. Ueoka, do you have a comment on that?

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MR. UEOKA: Just a quick comment. Just he wouldn't be able to pay in full before first reading, it would have to be shortly after first reading. Yeah.

COUNCILMEMBER PALTIN: Or I meant have it in writing.

VICE-CHAIR KING: No, she wants about putting the --

MR. UEOKA: Oh.

VICE-CHAIR KING: --amendment in before we get to...at this point, before we get...

COUNCILMEMBER PALTIN: Like getting it in writing.

MR. UEOKA: Oh, okay. I'm sorry, Chair.

VICE-CHAIR KING: Yeah.

MR. UEOKA: I just...

VICE-CHAIR KING: No, she wasn't talking about him paying by first reading, she was talking about getting the amendment in before first reading to the motion.

COUNCILMEMBER PALTIN: Or getting it in writing --

VICE-CHAIR KING: To the...

COUNCILMEMBER PALTIN: --before...

VICE-CHAIR KING: Amendment to the resolution.

MR. UEOKA: We can try and get you something in writing before first reading from the taxpayer.

VICE-CHAIR KING: Well, I think, Ms. Paltin, are you making a motion right now to amend it?

COUNCILMEMBER PALTIN: I can if folks want me to.

COUNCILMEMBER HOKAMA: Chair, a point of information.

VICE-CHAIR KING: Okay, Mr. Hokama?

COUNCILMEMBER HOKAMA: I'm getting a little confused here. So, Mr. Ueoka mentioned first reading, Chair, but the motion is to adopt a resolution.

VICE-CHAIR KING: There will only be one reading.

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COUNCILMEMBER HOKAMA: We're not doing ordinances, yeah. So, I think Ms. Paltin has a technical point that I would support her that if she would like to make a revision it's got to be now.

VICE-CHAIR KING: Right.

COUNCILMEMBER HOKAMA: Yeah, as far as the discussion we had about timing and payment of, should Council approve, you know, I support her on that, that we get some kind of understanding. Thank you, Chair.

VICE-CHAIR KING: Okay, thank you, Mr. Hokama. So, would you like to make a motion, Ms. Paltin?

COUNCILMEMBER PALTIN: Yeah, I'd like to make a motion that part of the resolution is that he pays the amount in the...not the penalty and interest but the taxes in full in a timely manner.

COUNCILMEMBER MOLINA: Second.

VICE-CHAIR KING: Okay. Did we get that down?

COUNCILMEMBER PALTIN: Timely in --

VICE-CHAIR KING: Mr. Ueoka?

COUNCILMEMBER PALTIN: --45 days.

COUNCILMEMBER KAMA: Forty-five days.

MR. UEOKA: Thank you, Chair. I guess, I know there's going to be some confusion over what timely manner means but...

COUNCILMEMBER KAMA: Forty-five days.

VICE-CHAIR KING: Forty-five days. They did clarify it with 45 days.

MR. UEOKA: Okay.

COUNCILMEMBER HOKAMA: What's reasonable, Director?

MR. UEOKA: We're actually...our recommendation is July 31st so even shorter than 45 days he...

COUNCILMEMBER PALTIN: That's good.

MR. UEOKA: I think that's what the reso said.

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VICE-CHAIR KING: Okay, so are you good with that change in the amendment?

COUNCILMEMBER PALTIN: Yeah, that sounds great.

VICE-CHAIR KING: Okay, Mr. Molina, as the second? Okay, so the amendment would be providing that the...I guess we could add it to the first be it resolved, providing that the tax bill is paid in full within...by July 31st. And we're assuming that we're going to get this on the July 19th agenda, right? Okay, what's today? July --

COUNCILMEMBER KAMA: Ninth.

VICE-CHAIR KING: --9th. Okay. Okay, so we have a motion by Member Paltin, second by Member Molina to amend the resolution. Any further discussion on the amendment? If not, all those in favor say "aye."

COUNCILMEMBERS: Aye.

VICE-CHAIR KING: Any opposed? Okay, the amendment passes seven to zero with two Members excused, Member Sinenci and Member Rawlins-Fernandez.

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

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Chair Rawlins-Fernandez and Councilmember Sinenci.**

MOTION CARRIED.

ACTION: **APPROVE AMENDMENT.**

CHAIR KING: And so we're back to the main motion, as amended. And any further discussion on the main motion? If not, all those in favor say "aye."

COUNCILMEMBERS: Aye.

CHAIR KING: Any opposed? Motion carries seven to zero with two Members excused, Member Sinenci and Member Rawlins-Fernandez. Okay, Members, and that also included the filing of the communication.

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

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Chair Rawlins-Fernandez and Councilmember Sinenci.**


MOTION CARRIED.

ACTION: **Recommending ADOPTION of revised resolution and FILING of communication.**

VICE-CHAIR KING: Okay. So, Members, no further...I think we've made it through all of our business and we'll have the presentation on the opengov.com at a later date when our live feed is working. The meeting is now adjourned. It's 10:18. . . .(gavel). . .

ADJOURN: 10:18 a.m.

APPROVED:



KELLY T. KING, Vice-Chair
Economic Development and Budget Committee

edb:min:190709:ds

Transcribed by: Daniel Schoenbeck

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CERTIFICATE

I, Daniel Schoenbeck, 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 the 24th day of July, 2019, in Kula, Hawaii



Daniel Schoenbeck