MINUTES

of the

PUBLIC HEARING HELD ON

APRIL 28, 2021

THE COUNCIL OF THE COUNTY OF MAUI, STATE OF HAWAII, CONVENED A PUBLIC HEARING ON WEDNESDAY, APRIL 28, 2021 AT 6:01 P.M., VIA BLUEJEANS, WITH CHAIR ALICE L. LEE PRESIDING, FOR THE PURPOSE OF RECEIVING TESTIMONY ON THE PROPOSED REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2021 TO JUNE 30, 2022.

CHAIR LEE: Will the Council of the County of Maui public hearing please come to order on this day, April 28, at 6:01 p.m. And the greeting for today is xin chao, xin chao, from, all the way from Vietnam.

You may proceed, Madam Clerk.

ROLL CALL

PRESENT: COUNCILMEMBERS GABRIEL JOHNSON, KELLY T. KING, MICHAEL J. MOLINA, TAMARA A.M. PALTIN, SHANE M. SINENCI, YUKI LEI K. SUGIMURA, VICE-CHAIR KEANI N.W. RAWLINS-FERNANDEZ, AND CHAIR ALICE L. LEE.

EXCUSED: COUNCILMEMBER NATALIE A. KAMA.

CHAIR ALICE L. LEE: Xin chao, Members. Okay, sit back, relax, we're going to have a wonderful evening with lots and lots of testimony. Right? Members present.

Madam Clerk.

COUNTY CLERK KATHY L. KAOHU: Chair, there are eight Members present, and one Member excused.

For the record I am County Clerk Kathy Kaohu. And also present from the Office of the County Clerk are Deputy County Clerk James Krueger; and Legislative Division staff Joyce Murashige, Lauren Saldana, and Dell Yoshida.

Joining the meeting from the Department of the Corporation Counsel is Kristina Toshikiyo, and Corporation Counsel Moana Lutey.

This online meeting is being conducted in accordance with the Governor's most recent emergency proclamation on COVID-19. If connectivity affecting quorum is lost, the Council will be in recess. If connectivity affecting quorum cannot be restored within 30 minutes, the meeting will automatically recess to Tuesday, May 4, 2021 at 9:00 a.m., using the same virtual connections, unless the Council announces a different date and time.

CHAIR LEE: Members, the purpose of this public hearing is to receive testimony on the proposed Real Property Tax rates for Fiscal Year July 1, 2021 to June 30, 2022. Before we proceed with testimony, I ask that everyone please keep their microphones muted unless it is your time to speak. Decorum shall be maintained at all times.

Madam Clerk, please proceed with testimony.

COUNTY CLERK: Chair, proceeding with the presentation of testimony. Members of the public may testify by connecting to the Council's online meeting by phone or videoconference through the information posted on the today's public hearing notice.

Individuals connected by phone are currently on mute and will be unmuted when it is their time to testify. Individuals connected by videoconference should keep both their video and microphones muted and should unmute when it is their time to testify.

Testimony is limited to the proposed Fiscal Year 2022 Real Property Tax rates. Individuals may testify for up to three minutes. And when testifying, please state your name, and the name of any organization you represent, and please also identify to the Council if you are a paid lobbyist.

After your testimony has concluded, please disconnect from BlueJeans. Doing so will assist staff with identifying the remaining testifiers. The remainder of the public hearing can be viewed on Akaku Channel 53 or on mauicounty.legistar.com. Individuals may also be disconnected from the meeting at any time for breaking decorum.

Chair, the first person to testify is Keisa Liu and will be followed by Pamela Tumpap.

PRESENTATION OF TESTIMONY

MS. KEISA LIU:

Aloha, Council. Thank you for listening to me today. My name is Keisa Liu, I work for Councilmember Johnson, but I'm actually speaking on my own behalf, on my own time today.

For a long-time, you know, we've been hearing Council say that we have a housing crisis. We've been saying that for a long time. Been hearing it for a long time. And I thought to myself, you know, why are we still having this conversation? Why are we still talking about this? You know what, it got to me a little bit, and I thought, what's going on? So, you know, I watched the BFED meeting on Friday and I watched an opportunity slip through our hands, that was an opportunity missed for us.

You all want to call it a hope and a dream. It wasn't no hope, wasn't no dream. Brah, we were telling, we were hearing from the Feds, you know what, now is the time to invest in rural communities . . . we're willing to do that, get ready. It wasn't about no hope and dream. That was about getting prepared. Having some foresight. Showing everybody that you were ready to invest in our community. The community here.

. . . opportunity to show that you were serious to tackle this issue. You all let that slip through your fingers, and we're going to pay for that. I don't have much more to say right now, because it's hard, and the reality is it wasn't really going to affect me, that Affordable Housing Fund, because I own property already. And the funny thing is, I was willing to pay to make sure that my neighbors, my Maui County ohana could actually have somewhere to live.

Last thing I'm going to say before I get off here, I just want to say a quick thank you to Councilmember Johnson, to Councilmember Kelly King, and Councilmember Shane Sinenci, because I watched you all, I watched you all still fight for us, still fight for the public's interest even if that went against everybody else. I'm watching you all. I want to see you all do good for us. Show us you care for us. Show us that you care for this community that lives here 24/7. I want to see it from you all, cause I know you all got it in you. That's all I had to say. Thank you.

CHAIR LEE: Members, are there any questions for the testifier? If not, thank you Ms. Liu. May we have the next testifier, please?

COUNTY CLERK: Our next testifier is Pamela Tumpap, and she will be followed by Dave Wagner.

MS. PAMELA TUMPAP, MAUI CHAMBER OF COMMERCE:

Aloha and xin chao, Chair Lee and Members of the Maui County Council. And mahalo for all of your efforts this budget season. I'm Pamela Tumpap, the paid President of the Maui Chamber of Commerce, and advocacy is one of my many duties.

We are here in a very challenging time, with both residents and businesses who have seen extreme losses over the past year. Many businesses are still dealing with past due commercial rent and mortgage payments. You know, those were stacked even though they couldn't be evicted, those payments will become due after the moratorium ends. They need to pay back loans and credit cards, all while trying to bring back as many of their employees as possible.

The COVID pandemic has exacerbated our known community issues and you really highlighted the need for sustaining our visitor industry, while we revamp and renew the industry, supporting agriculture, investing in economic development, given our high reliance on the visitor industry, and solving, as was just mentioned, the affordable housing and rental crisis. Given this, we need to look at increased investment in these areas with all contributing to the efforts that benefit to our entire community and create a better tomorrow for future generations.

For the Owner-Occupied classification, last year, the Tier 1 valuation went up to $800,000, but we would prefer to see that increase to $1 million to include more residents due to the rising median home prices as you've noted, over $980,000 this year, to include as many residents as possible in Tier 1, to keep their taxes affordable. We feel that more support can be gained for affordable housing and rentals from the Non Owner Occupied classification through increased rates, as has also been suggested by Hawaiian Community Assets, and more narrow valuation ranges.

Additionally, while the business community has suffered, as we've shared, we understand the importance of contributing to key priorities and are not asking for any reduction despite our great needs. Instead, we are strongly asking that the rates remain at level in the following categories: Apartment, Commercial, Industrial, Agricultural, Conservation, Hotel and Resort, Time Share, and Commercialized Residential classifications.

Lastly, Short-Term Rentals were all in one rate last year and we appreciate the use of a tiered system this year. We support the Mayor's proposed rates for $10.70 at Tier 1 up to $11.00 for Tier 3. And the Tier 1 rate is consistent with the Hotel and Resort classification.

So, we appreciate your support on these measures, we did send with our testimony, written testimony a chart that shows the information that we reviewed during this process, and further detail and recommendations and how we'd like to see the rates for the Owner-Occupied broken out with higher margins to include as many local residents as possible.

CHAIR LEE: Okay. Pam, were you done?

MS. TUMPAP: I am. Thank you.

CHAIR LEE: You froze for a second.

MS. TUMPAP: Oh, I apologize.

CHAIR LEE: We have a question, Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Tumpap for your testimony.

I just wanted to clarify, were you suggesting different rates for the tiers? Because, I don't think the software does that, were you saying, like, you wanted zero to an 800, zero to a million for Owner-Occupied--

MS. TUMPAP: We would like to, yeah, on the Owner-Occupied, right now. So, as it stood in 2021, Owner-Occupied was up to 800,000.

COUNCILMEMBER PALTIN: So, my question is did you want different zero to--

MS. TUMPAP: We wanted, we wanted to raise that number to 1 million.

COUNCILMEMBER PALTIN: For only Owner-Occupied?

MS. TUMPAP: Well, for, for, yes, for the Owner-Occupied real property tax, we wanted to raise the bottom category. And if you look on our chart, we have a structured proposal that shows the rates. We wanted to take the first tier and bring that up to $1 million, the reason for that is that our median home prices are going up.

COUNCILMEMBER PALTIN: But for Non Owner Occupied you wanted to--

MS. TUMPAP: Oh, no. We want to keep it lower for Non Owner Occupied, which would push people into the higher amount.

COUNCILMEMBER PALTIN: We've been told our software sets the rate all the same, we can't do it by category.

MS. TUMPAP: You can't differentiate.

COUNCILMEMBER PALTIN: --verify what you are asking, but we can't do it. Thank you.

MS. TUMPAP: Okay. Thank you.

CHAIR LEE: Any other questions for Ms. Tumpap? If not, thank you, Pam.

MS. TUMPAP: Thank you. Aloha.

CHAIR LEE: Aloha, and may we have the next testifier, please?

<u>MR. DAVE WAGNER</u>:

Hello.

CHAIR LEE: Hello.

MR. WAGNER: Hello, am I on?

CHAIR LEE: Yes, you are, Mr. Wagner.

MR. WAGNER: Thank you, Alice Lee and thank you and aloha, County Councilmembers.

I'm Dave Wagner, living in Wailuku. First, I want to sincerely thank each of you for your service to the community and thank you for this opportunity to talk on the important subject of property tax policy. And I'll be brief.

I do want to talk to you about the lumping of second home properties into the Short-Term Rental classification. I wrote to you on March 14, about it, it's a grave injustice to the owners of properties that are not in Short-Term Rental, or not in rental at all, putting them into this classification with its very high tax rates. When I wrote to you on March 14 about the injustice that was done by the passing of Bills 129 and 130, they both became law on December 5 last year.

Our tax policies have always been highly discriminatory against non-resident property owners. For decades, second homeowners have paid several times the tax that a resident owner pays, for a long time now, with very little complaint from the second homeowner community in that department. But now, with these two new laws, non-resident property owners will pay around five times the tax that a resident would pay for the same property.

I'm a resident, I've been a Hawaii resident for 44 years. But is, is that pono? Is that fair? Is that equitable? Is that where we want to go? I mean, you might ask, what's wrong with that, let them pay five times more or more. Well, there's a lot wrong with that. First, it betrays the trust of people who bought these properties because they did so under the rules that said they could choose a lower tax rate by renting only long term or not renting the property at all. That's been the law of the land for many decades. Or they could choose to rent their unit short-term and accept that they have the highest tax rate.

But this legislation suddenly puts these second home properties into the Short-Term Rental category even if they are not rented at all or are rented long-term. This amounts to a bait and switch, much to the financial detriment of these property owners, in other words, it's just not pono.

Secondly, second homeowners, in the former Apartment class were already paying about three times the tax that a resident pays for the same property. Now it's about five times the amount a resident pays, and I ask, how much is enough? Where does it end? Five times the tax for the same property that is not rented.

Third, when you raise the cost of owning a property, there's a corresponding reduction in that property's value, all other things being equal. So, this enormous tax increase will increase tax revenues in the short-term, yes, but soon that property's value is going to be adjusted downward in the marketplace because of the added cost of ownership, and once you've reduced the tax . . . has been depleted. Am I out of time?

CHAIR LEE: Yes, you are, but you can take another few second to conclude. You want to add one second or so?

MR. WAGNER: I will, I will, yeah. Let's be clear, these tax changes are directed at non-Hawaii resident property owners, I get it, they don't vote. But these are not nameless, faceless people with limited, unlimited resources. They're human beings who have embraced Maui so much, that they have invested precious resources so they can have a part-time home to enjoy our beautiful Hawaiiana. They pay way more in their fair share of property taxes. They require way less than their fair share of government services, they fund our budget to a tremendous degree, including all the non--

CHAIR LEE: Okay, thank you. Thank you, Mr. Wagner. Thank you.

MR. WAGNER: Thank you for listening.

CHAIR LEE: Are there any questions for the testifier? Yes, Ms. Paltin.

COUNCILMEMBER PALTIN: Thank you. You do know that some residents own second properties, as well, right? It's not just non-residents that own second homes.

MR. WAGNER: Yeah, I'm one. Yeah.

COUNCILMEMBER PALTIN: Oh, okay. Just cause it seemed like you thought only non-residents could be second homeowners, but you understand that our residents--

MR. WAGNER: Oh, yeah. I understand. Thank you.

CHAIR LEE: Do we have any more questions? Any more questions for the testifier? If not, thank you very much, Mr. Wagner.

MR. WAGNER: Thank you.

CHAIR LEE: Madam Clerk, may we have the next testifier, please?

COUNTY CLERK: Next testifier is David Dorn and Mr. Dorn will be followed by Dr. Genesis Young.

<u>MR. DAVID DORN</u>:

Hello, Councilmembers. Xin chao. My name is David Dorn, Kihei resident and I'm not a lobbyist.

I supported the proposed property tax increases. Hawaii has the lowest property taxes in the nation, but we have a shortfall in our budget, and we desperately need more money for basic infrastructure and amenities. We keep the property tax in our County, but almost all of our TAT tax goes to the State, so we need these increases. I think property tax should be increased across the board, but we should make special concessions for actual Owner-Occupied properties. So, really what we're doing is an across-the-board property tax increase, but maybe more of a freeze or staid conditions for Owner-Occupied.

The highest tiers of all categories should probably receive the greatest tax increase, investment properties, second home properties. If you're investing, you're taking a risk. But the first home, the Owner-Occupied home, you know, that's vital and we need to protect that at all costs. Time Shares, Hotel/Resort, Commercial, as well. Conservation however is an important category that we should encourage at all costs, and anything we can do to help out the Conservation category, we should do.

Also, when we have Agricultural, perhaps there should be a tiered Agricultural property tax. We need to promote the smallest agriculture, for example: organic farms, promote food independence. Small organic ag farms, one acre should be tax free; however, gentleman farm estates like at Launiupoko should not get tax breaks. Please support these property tax increases. Aloha.

CHAIR LEE: Thank you, Mr. Dorn. Any questions? If not, mahalo for coming.

MR. DORN: Thank you.

CHAIR LEE: Madam Clerk, may we have the next testifier, please?

COUNTY CLERK: Chair, our next testifier is Dr. Genesis Young and Dr. Young will be followed by Philip Pillsbury.

<u>DR. GENESIS YOUNG</u>:

Aloha. Can you hear me?

CHAIR LEE: Yes, we can.

DR. YOUNG: Thank you, Honorable Councilmembers. I'm Dr. Genesis Young and I am here testifying both as an individual and as the Chair of the Sustainable Tourism Subcommittee of the Climate Action and Advisory Citizens Group. And I refer you to my written testimony as well please.

My request is that you raise real property taxes rates to $16.41 on Hotel/Resort and Time Share and Short-Term Rental categories, and also lower the rates for Owner-Occupied homes and Conservation categories. You the Council passed a sustainable tourism quality or quantity resolution February 5, and then on March 23 a 170-bed hotel was authorized in South Kihei by the Planning Commission despite us asking for quality over quantity.

April 11, residents hold a protest gathering because of over tourism on Wailea Beach, in front of our tourist. This is what we're coming to. This is not quality tourism for the residents, nor for the tourist themselves. It's apparent that more needs to be done to have sustainable tourism and decrease our tourism numbers. But how do we decrease our tourism numbers? What do we do?

We can't simply stop them coming and we can't effectively stop new construction because that wouldn't decrease the number of rooms we already have now. So, the hotel and visitor industry, which have the lowest rates in the State, as I'm sure you know, have repeatedly say, if you raise the property taxes that will decrease the number of tourists. Lightbulb, yes. That's the answer. We need to raise the property taxes on hotel and all visitor accommodation.

Now I know it takes courage to raise the property taxes because nobody wants to raise the property taxes. And I said 16.41 because that's the cap that you put in the documents for the hearing that you put out. And recognize however, it is to the advantage of the visitor accommodation industry to their best interest to raise these taxes so that they will raise the room rates and have fewer tourist, but higher quality tourist and profits will increase. Doesn't take very much, they can raise the prices just $50 to bring in millions of dollars more, to easily cover the property tax. And I was, encourage them to raise them to a $100 more per room on average and of course that's higher on higher rooms and lower on lower rooms, and if you did the numbers which are in my documents, it's clear that they can easily recap that. And the global tourist industry, although it has suffered, like all of us did with COVID, they still have a profit of billions of dollars.

So, it is to the advantage, and to their advantage to do this, raise the property taxes and hotel rates go up, then we have fewer but higher quality tourists and that causes a better-quality environment for the tourist who come. It maintains or improves the profits for the visitor industry and creates a better quality of life for us, the residents. This is better for the environment, for maintenance and regeneration, with result and increased quantity, and please, more money for the County to put towards environmental restoration and affordable housing and other projects that we need that will also benefit the visitor industry. Please raise the visitor industry property taxes for a win-win solution over tourism. Mahalo.

CHAIR LEE: Thank you, Dr. Young. Any questions.

Yes, Ms. Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Young for your testimony. I didn't catch the part where you said Owner-Occupied on Conservation, was there, did you mention that?

DR. YOUNG: Yeah. I just, my request would be to lower the property taxes for Owner-Occupied and for Conservation.

COUNCILMEMBER PALTIN: Oh, okay. Thank you.

CHAIR LEE: Anymore questions. If not, thank you Dr. Young. And may we have the next testifier, please.

Madam Clerk.

COUNTY CLERK: Our next testifier is Philip Pillsbury, and Mr. Pillsbury will be followed by David Litman.

MR. PHILIP PILLSBURY:

I don't know if you can see me. Here we are. If you can now. So, my wife is sitting here next to me, Sharon, and my name is Philip, and we are going to be retired in a few months.

We spend about four months a year here; we spent the last four months after re-doing this condominium which is in a lovely area named Wailea Point. We met many people here; we enjoy it so much here. When we came over from California, I know, bad word, but we came from California because we have plans to retire here, and we may not be fulltime for a few years, but we looked very carefully at what it would cost us to come over to purchase a place here and to make it a part of our retirement plan.

Since doing that, these property taxes have gone up pretty, pretty stoutly to the point that we're not sure that we can afford it any longer. So, I looked into what exactly is going on, and I understand that we are going to be classified as a Short-Term Rental. Now we don't rent this property at all, we were told that if we did rent the property even for a few months that our tax rate would go up, so we made the decision not to rent it, not to put it into that calculation. But now I understand the Short-Term Rental is classified as lodging or dwelling units as defined in the Comprehensive Zoning Ordinance occupied by the owner for personal use. Now if we're occupying it for personal use, I don't understand how we can be classified as short-term renters.

And not only that, there is a statute in Hawaii, Chapter 3.48.305, it says "Each unit and it's appertaining common interest must be classified upon consideration of its actual use." So, I'm hearing all of these speeches about how much Hawaii, Maui needs money from hotels and other places to take care of housing needs, but my wife and I have come over as retired people. We're coming over on a fixed income and we plainly can't afford these kinds of increases.

When I heard Mr. Wagner say that it's five times what people that are here fulltime are paying, you know, that's just not fair. Not fair to us, it's not fair to people like us that want to come over here and be part of the Maui community. So, I ask you to reconsider it for people like us who are retired or very close to retirement, are on a fixed income and would like to be able to live and enjoy Maui and particularly this place that we love, Wailea Point.

CHAIR LEE: Thank you. Are there any questions for Mr. Pillsbury? If not, thank you very much, Mr. Pillsbury.

May we have the next testifier, please?

COUNTY CLERK: Our next testifier is David Litman. Mr. Litman will be followed by Karen Comcowich.

CHAIR LEE: Mr. Litman. Mr. Litman.

Madam Clerk, please go to the next one.

COUNTY CLERK: Next to testify is Karen Comcowich.

MS. KAREN COMCOWICH:

Aloha. Good evening. My name is Karen Comcowich. I'm speaking for myself. The two categories I will focus on are Non Owner Occupied and Short-Term Rental. Both of these should be at the top suggestive rate for each tier. During the pandemic, the community has watched as off-island buyers out bid residents. Sometimes those buyers kick out long-term tenants, aggravating our affordable housing crisis.

Maui is an investors dream. There's a limited supply of land, and we have some of the lowest property taxes in the country. Raising property taxes is one of the few tools we have to weigh the scales in resident's favor. Second homeowners aka Non Owner Occupied and Short-Term Rental owners always say they offer great benefits to the community through the taxes they pay, therefore, we should allow them to provide the community with the most benefit possible.

Please raise the Non Owner Occupied and Short-Term Rental property tax rates so these off-island owners can feel good about their contribution to our community. Again, thank you being such a forward-thinking Council, I really appreciate the progress you are making. I can't hear you. Alice Lee, you're muted.

CHAIR LEE: I'm sorry. I'm sorry. Okay, I was muted.

Any questions for Karen? If not, thank you. Thanks for coming. May we have the next testifier, please?

COUNTY CLERK: Next testifier is Mr. Stan Franco, and Mr. Franco will be followed by the testifier with the last four digits of the telephone 8274.

MR. STAN FRANCO:

Hi, good evening.

CHAIR LEE: Good evening.

MR. FRANCO: Hi. I'm Stan Franco and I speak for myself. Thank you for allowing me, Chair Lee, and Members to be with you.

I want to thank you first of all for the many hours you have spent to create the County budget for 21-22 to address the needs of our people. Housing is a huge public need and your budget discussions last Friday; you were deadlocked on funds to set aside on the implementation of the Comprehensive Affordable Housing Plan to be completed by July. I suggested the $20 million as suggested by Gabe Johnson be set aside for implementation of that plan.

For me, I see it as reasonable. I, you know, I talked to developers and developers sit on the Stand Up Maui Board. They tell me that a project to, to get a project going, they have to purchase the land, they have to come up with a design, they have to have a planning process, government approvals, then they need to have the plan in place to be implemented, in other words, to have it shovel ready. So, every step on the process require money. I know we don't have a shovel -ready project right now, but we need to get probably land purchased and then go through the process of planning for that development.

Tonight, you'll be tasked to determine how much will be needed to pay for all of the work of the County of Maui in the next fiscal year. You will do that by deciding on the real property tax rates in the different categories. Because of the pandemic and its impact of our people, you will try to make sure that all our local property owners do not have substantial increases to their taxes, and I agree that we should be protected. Self-disclosure, I'm a property owner myself.

I believe that property owners that are outside of Maui should pay more to help the local people find homes to stay here. Whether those property owners are in categories Non Owner Occupied, Hotel and Resort, Time Share or Short-Term Rental, I trust that you'll make the right decision.

I believe that the County of Maui has to have money available to purchase land, if not already owned, and to hire a land developer to do all the planning aspects before a project is shovel ready.

I agree with you that it is a very difficult decision to raise real property rates during these pandemic times. However, our real estate market values are still increasing, outsiders are buying most properties being sold, and it gets harder and harder each day for our local people to rent or buy in Maui County. We, the people of Maui County, the people that have lived here all our lives want to stay here, but as I say, many of us, I say we cannot stay, no can stay. So, I ask you to set aside $20 million into the Affordable Housing Fund to make soon to be released Comprehensive Affordable Housing Plan a possible reality, or a reality for our people.

We thank you so much for all your time. I've stayed with you and watched the meetings and I know how many hours and hours you have put in, and I appreciate your wholeheartedness in trying to make the best decisions. For, you know I've been working on this affordable housing issue for over 30 years, and I've asked you to create this plan and now it's time to implement the plan, and I ask for the 20 milllion to be put in to implement the plan. Thank you for your time. God bless you all.

CHAIR LEE: Thank you, Stan. Are there any questions, Members? If not, appreciate you coming.

MR. FRANCO: Thank you.

CHAIR LEE: Madam Clerk.

COUNTY CLERK: Our next testifier is Mr. David Litman, and Mr. Litman will be followed by Lisa Darcy.

MR. DAVID LITMAN:

Can you hear me now?

CHAIR LEE: Yes, we can.

MR. LITMAN: Thank you allowing me a second chance. Actually, Dr. Genesis Young really kind of stole my thunder. He really laid out; I think the arguments that I was going to make towards raising property taxes to the maximum allowable value for hotels. I know that seems to be counterintuitive because the thought is that we'd rely on that industry for employment, etc. But we know those prices and those cost increase will be transferred to the tourist and provide for a higher quality experience that will help move us towards the kind of levels of tourism that we need to, to really save this island and not allow the current unsustainable levels of tourism, which you recognize. And again, thanks so much to the Council for adopting the quality over quantity resolution.

I'm just really imploring you to take action upon that, and there aren't too many other ways, I mean, this is a very effective way to help move us in that direction. So, I just really want to implore Council. Thank you for hearing our voices in testimony. That's all I had to say.

CHAIR LEE: Thank you, Mr. Litman. Are there any questions? If not, thank you for coming. May we have the next testifier, please?

COUNTY CLERK: Chair, our next testifier is Lisa Darcy, and Lisa will be followed by Kenna Stormogipson.

MS. LISA DARCY:

Thank you. Good evening, Council. My name is Lisa Darcy, I'm not a paid lobbyist and um, I look forward to that day, but not today.

Yeah, and I, I come to you tonight, and I'm sure you pretty much know that I also have been circling the housing issues and have personally been deeply affected by the inability to pay for housing myself. And I was pretty shocked when I heard that Councilmember Johnson's proposal, with all the work he's done with Stand Up Maui and with many other groups, and really trying to get caught up to how Oahu manages money and has a broader range of opportunity for housing, I was pretty, I was pretty, I was pretty surprised that it didn't gain the votes.

So, I wanted to come here this evening, again, and say this isn't just an average business as usual. This is, you're in a position where you're being asked to take on the many challenges in the deficits of the Councils, many Councils before you, and their lack of recognition at the urgency that is before you and the massive crisis. And I really, I really ask you to, to reconsider the set aside for the affordable housing, the 20 million and with the wisdom that is already put in how to manage that.

It's not easy, I have to be honest, I can't sympathize with second homeowners, I can't, I can't and then worrying about a little extra. And I had a conversation with some friends the other night, and we were talking about some of their taxes going up, and I just said, you know, are you not going to be able to afford more orchids for your pool. I, I mean, I'm sorry, but you know, this is a community that all has needs and you have a huge task to turn the canoe. And you actually have, it's really actually an amazing opportunity.

So, I really ask you to dig deep into this again and to reconsider how to do this and to do it now. And I, I believe in the groups that have come forward and run the numbers and are trying to help you to juggle these, these big decisions. It's a mess out here, it's a mess. And you're housed, you have doors, you have a garage door. There a lot of us that don't have the opportunity to have a garage door and it's really, really important that this happens now.

Yeah, so, I thank you again so much for your time. You're really a fantastic Council. I really appreciate the work that you're doing, ah, but its, its, yeah, oh, we're going down, but please help. So, yes, I, I, I'm on the Affordable Housing Fund set aside. Thank you. Thank you. Thank you. And we're still paddling, we're paddling but it's a short paddle.

CHAIR LEE: Thank you, Lisa. Any questions, Members? If not, thank you, Lisa for coming.

MS. DARCY: Thank you.

CHAIR LEE: Madam Clerk.

COUNTY CLERK: Chair, our next testifier is Kenna Stormogipson, and Kenna will be followed by the last four digits of telephone number 2818.

<u>MS. KENNA STORMOGIPSON</u>:

Aloha, Councilmembers. I'm actually testifying from Sweden. My partner is graduating with her Ph.D. in a few days so I'm here to support her getting a Ph.D. in Environmental

Economics, so that is why I'm in a kind of a cheesy hotel. But I am testifying from Sweden, 12-hour time difference because I do care so much about affordable housing in particular and I think tax fairness as well.

So, I did submit testimony trying to show that, although of course, we all want to pay, at an individual level, of course we all want to pay the lowest taxes as possible, that's a common, you know, sentiment we have. However, you know, the public has to pay for things and the public needs to get value from the resources that we have. So, one of the best ways to get public value is through property taxes.

And just as a reality check, I wanted to put out there that, you know, Maui has fallen behind what the other counties are collecting in public value for Non Owner Occupied homes. So, if you have a $1.5 million invest home in Maui, you are paying much less than you would on any other county. And if you have a $5 million investment home on Maui, you're paying $1600 a month less than you would be on Kauai or on Honolulu, and $3000 less than you would on Big Island. So, actually, if you were an investor owner, you would pick Maui to purchase your second, third or whatever investment property, because you're paying much less in taxes on Maui than you would on any of the other counties.

And then the other thing I wanted to point out is, if you're coming from the mainland, the average tax rate for someone on the mainland in their Owner-Occupied home is $14 per a thousand, or essentially 1.4 percent. So those Short-Term Rental rates, those are actually a little bit below average for mainland taxes. Of course, that's because mainland taxes includes schools and some other things, but still, if you're out there as a homebuyer and you're comparing rates, it's still not, not high.

So, I just wanted to put it out there in terms of tax fairness. It wouldn't seem like a big ask to increase some of those investment property rates by 10 percent and become a little more in line with what the other counties are already doing. And just with that slight of an increase, you could get to somewhere around that $20 million that people are talking about for affordable housing.

So, yeah, that's the main thing. I don't think it's anything big, I don't think it's radical to do a 10 percent increase, and I think it would really set the County up to be in a good position.

CHAIR LEE: Thank you. Members, are there any questions? Ms. King. Member King has a question.

COUNCILMEMBER KING: Hi, Kenna. Thank you for getting up so early over there to testify. Really appreciate the effort. When you mentioned the taxes on the mainland, you talked about percentages. Do those, do they do, are there a lot of municipalities on the mainland that, that state their taxes in terms of percentage? Is that what you were talking about?

MS. STORMOGIPSON: Yep. Yeah.

COUNCILMEMBER KING: Rather than numbers per thousand?

MS. STORMOGIPSON: Mmm hmm. Yeah, it depends--

COUNCILMEMBER KING: It depends on what?

MS. STORMOGIPSON: Yeah, it depends on the jurisdiction. Most places have it over one percent, so then, um, yeah, they tend to list it as a percentage.

COUNCILMEMBER KING: Alright, thank you.

CHAIR LEE: Member Sinenci.

COUNCILMEMBER SINENCI: Thank you, Chair and . . . Kenna. Just clarification, are those outside investors, is the State taxing if they're retiring here? Does the State tax their pensions or are they being taxed in their other State?

MS. STORMOGIPSON: If they become a Hawaii resident, they don't have their pensions taxed and we're one of, I believe, it's like one of ten States. I have to look up the number but only a handful States do not tax pensions, and that's one area where Hawaii as a State also falls behind what other, the vast majority of other States do. That's an excellent question.

COUNCILMEMBER SINENCI: Thank you.

CHAIR LEE: Any other questions? If not, thank you very much for joining us.

MS. STORMOGIPSON: Alright. Good luck.

CHAIR LEE: Thank you.

Madam Clerk.

COUNTY CLERK: Our next testifier is the last four digits 2818, and 2818 will be followed by Suzanne Dorn.

CHAIR LEE: 2818. If not, may we have Ms. Dorn? Ms. Dorn.

MS. SUZANNE DORN:

Hi, Councilmembers. Xin chao. My name of is Suzanne Dorn and I support a property tax increase on investment properties and second homes on Maui. In 2020, the average home price on Maui rose 13.1 percent to $1.2 million, and condos averaged $870,000, a 24.5 percent increase.

I have met many tourists who have purchased second homes on Maui and have talked about our low property taxes. A google search this morning confirmed this and showed Hawaii with the lowest tax in the nation. Also, I've read about a new long-term rental classification beginning in 2022, where any homeowner including investment properties that has a 12-month rental contract or lease can qualify for $200,000 long-term exemption. This exemption can also apply if someone owns multiple homes, so we may actually see a decrease in property tax revenue.

I do know many local hard-working families who do have second homes. So maybe we can figure out some protection for these situations where we have actual local families renting to locals. Maybe a tier system based on how long people have owned properties, or lived on Maui?

In closing, I support an increase in property tax on investment and second homes on Maui. Thank you.

CHAIR LEE: Thank you, Ms. Dorn. Any questions, Members? Yes, Vice-Chair Rawlins-Fernandez.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Ms. Dorn. Mahalo for your testimony. So, in your testimony you mentioned the long-term rental classification and exemption so that, just wanted to check to see if you understood that it doesn't actually go into effect until next fiscal year, so those that are doing long-term rentals now, would not have that option--

MS. DORN: Yeah.

VICE-CHAIR RAWLINS-FERNANDEZ: --as a long-term classification.

MS. DORN: Right. Yep.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo. Mahalo, Chair.

CHAIR LEE: Thank you. Any more questions? If not, thank you Ms. Dorn.

Madam Clerk, may we have the next testifier, please.

COUNTY CLERK: Our next testifier is Tiare Lawrence, and Tiare will be followed by last four digits of telephone number 4113.

MS. TIARE LAWRENCE:

Aloha, Councilmembers. Tiare Lawrence and I'm not a paid lobbyist. Mahalo nui, for all the time you guys been putting into this budget session. I know you, it's been pretty challenging. I wanted to testify today in strong, absolutely, 1000 percent strong support in raising property taxes on Non Owner Occupied homes, Short-Term Rentals, Hotels, I would even maybe even consider, I don't know how the tier system works for Owner-Occupied, but perhaps if, you know, the higher tiers maybe even get taxed just a little bit, I think that's reasonable.

You know, it's kind of sad when I listening to all these previous testifiers, and you know, we want to live and enjoy Maui, raising will make it expensive to move here. All I can say is aloha and a hui hou, because they are the very reason why a lot of us locals have been priced out of our homes. I come from a community on the west side, Lahaina where we have been exacerbated by out-of-state residents moving in and pricing us out. The thought of me ever being, every being able to buy a home in Lahaina, it probably will never happen, unless I marry one millionaire, unless you guys know anybody, you know, that like hook with a local girl, other than that there's no way I can move back home. I have so much cousins that are like dying to get a home and you know, faced with the reality, should I move to Vegas, or should I stay. That's the reality we have, so I have no sympathy for guys like that, absolutely not, um.

You know and oftentimes a lot of these people they're the very ones operating illegal vacation rentals, increasing home rental prices on local residents. And then, you know sometimes they move here, and they complain about generational neighbors, the way we live, so, you know, I just have hard time.

I think that money should go towards an Affordable Housing Fund for many reasons. But let's create blue-collar jobs for our local boys and girls that work in the construction industries that they can feel good about, that we can create feel good sustainable jobs for our local residents. Something that they can be proud of and perhaps maybe they be even building their own home, that they could afford to move into one day.

So, I absolutely support that, maybe even consider like, you know, people with swimming pools? Maybe we can add some taxes on people with luxury swimming pools? And in closing, you know, let's stop depending on shady, greedy developers for fake affordable housing. Let's build homes by the people for the people. Mahalo nui for all your time and thank you.

CHAIR LEE: Thank you, Tiare. Any questions? If not, thank you for coming.

MS. LAWRENCE: Aloha. Mahalo for your time.

CHAIR LEE: Mahalo.

Madam Clerk.

COUNTY CLERK: Our next testifier is on telephone with the ending numbers 4113. 4113 will be followed by Leinaala Vedder.

CHAIR LEE: 4113, are you there? If not, let's go to Ms. Vedder.

COUNTY CLERK: Our next testifier is Leinaala Vedder.

MS. LEINAALA VEDDER:

Mahalo. Aloha, Councilmembers. Leinaala Vedder, I think the last time I spoke to you folks was in 2000, April 29.

So, basically, it's called the Great Māhele, it's called Kauikeaouli, Kalākaua, Lili'uokalani and we know that. We definitely know that. Those who are saying otherwise, that's why they're grumbling about the taxes.

So, I'm here for two reasons, I am a non-owner, I am classified as a Non Owner Occupied because I own property with my siblings and I said that last year also, it was inherited my grandmother's land in Kahului. Three of us siblings we all have our own properties, I live on what is supposed to be called LCA Kuleana lands but I still have to pay property tax and that should be none. Nobody should pay property tax.

If you, if, so, backing up, so I'm Non Owner Occupied. I think that, and we fall under the Tier 1. I think there should be a category specifically under Tier 1 for those homeowners, because we cannot qualify for homeowner exemption, there should be some kind of category for homeowners who one, can show that they continuously occupied that property before the property taxes was put in place in Maui County.

And what I mean by that, whether it's genealogy or something like that, that we have a special area, a special category for people like me. I'm not making money off of that, we have to take care of my grandma's property and that's kuleana. And so, I would like that to happen. To have a category specifically for homeowners who have two homes and they fall under Tier 1.

And yes, I do agree with the previous caller, sister T, that yeah, you know, these people are, they're displacing us. They are displacing us, so that, I don't like that. Our sustainable living, our quality of living is at dire strait right now.

Secondly, the next thing I want to talk about is the families, not just in Makena but I'm going to stick to Makena because that's where I'm from. And I would like to hear more, on the follow-up of the Councilmember Keani Rawlins, I know she's been working probably with my cousin Keiki and maybe Uncle Eddie. Specifically, Kukahiko Corporation, Luuwai Ohana, Chang Ohana, DeLima Ohana, the Lee Ohana, they fall under the Non Owner Occupied, I think they fall under Tier 3, because the property taxes have gone up because of everything that's been built around them.

You know, I'm 50, 30 years ago, it didn't look like that. But now it looks like that and so what I propose here, those Non Owner Occupied families, whose property taxes have risen so greatly because of their surrounding and what's around them, same thing, to put them in a separate category where they can show one, continuous occupied that property from, let's go all the way back to the Kumulipo, let's start there and then we can work our way down, that would be wonderful.

Or secondly, to show because I know there's families who fall under that category and for some reason or the other, they moved away, they come back and now they're in this situation, to probably for them to show also . . . before property taxes . . . That's all I wanted to say. Any questions?

CHAIR LEE: Yes, I'm sure you'll have some. Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Vedder for your testimony. I was wondering if you could, um, I like your ideas, I was wondering if you could clarify about continuously occupied, what you mean by occupied? Because like you said, your grandmother's home is Non Owner Occupied so then that wouldn't work in terms of what we define occupied as. So, I was wondering it seems that your definition of occupied is different from what we're considering occupied.

MS. VEDDER: Okay, so for right now, because all three of us have our own properties, no one is living there. It's actually unlivable at this time, so we're in the process of demolishing and all of that. So, to clarify that, maybe show that those residents or the owners of that house can show one, continuous occupying of the land for one thing, continuously unless maybe go back until, I don't know, 1800's perhaps or maybe pre-contact. Or secondly, that they can show that, you know, they were given this property because their grandparents lived there let's say back in the plantation days. A lot of us are inheriting lands like that, that's what I mean by that for that property in Kahului for owners like me that have a second home.

COUNCILMEMBER PALTIN: And then, if I can clarify what you were speaking to in Makena, like from after the last time property taxes the Luuwai's shared that there is B&B category but it's actually a Short-Term Rental so they wouldn't be occupying it.

MS. VEDDER: Right.

COUNCILMEMBER PALTIN: But you're saying occupying is in control of the land.

MS. VEDDER: In control of the land. So maybe, I mean, maybe have it in a category of cultural, historical property. Because when you look at, these are the families who's continuing to live on those properties and now they have to turn it into a Bed & Breakfast or Short-Term Rental in order to pay for the taxes. You know, and that is not fair for them when generations we've been living on that land and then now they're being displaced and so they have to go get loans or they have to turn into short rentals or they have to turn into a Bed & Breakfast just to pay for the property taxes. And that is not fair. So maybe that category could be like a cultural, historical property, I don't know.

COUNCILMEMBER PALTIN: Thank you so much for clarifying my question. If you want to reach out to my email it's tamara.paltin@mauicounty.us and we can talk more about it when not everybody is waiting to testify.

MS. VEDDER: Okay. Sorry, thank you. Mahalo.

VICE-CHAIR RAWLINS-FERNANDEZ: Chair, you're muted.

CHAIR LEE: I'm sorry. Vice-Chair Rawlins-Fernandez.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha ahiahi, Ms. Vedder. So, the question that Member Paltin asked has been the biggest obstacle. And I think with, as far as occupied, what she means is, like holding on to the property, the deed, the land, the land deed. So, I think that's what she means by occupied, and it's similar to what California has called Proposition 13 and I've been working with OHA on language for this.

. . . during public testimony. But I just wanted to, my question is to clarify, so the way that the property tax rates are structured is it's progressive so everyone, every property is in Tier 1. And then if it goes above the threshold of $800,000, whatever is above $800,000 would then go, be taxed at Tier 2 rate. And then if it goes above the Tier 2 threshold of $2 million then that's when the Tier 3 rate would apply. And so, it's not if your property is worth $2 million that all 2 million would be taxed at the Tier 3 rate.

MS. VEDDER: Right, yeah. And I think the property tax I know for Kukahiko, I think is 9 million, yeah, I think so. Okay.

Just, I mean something, you know, yeah, to help us out to really, really help us out. And like I said, you know, a second Non Owner Occupied, I mean we have second homes. I'm not a tourist, I'm not here for greed. You know that I want a home for my children. And then second, thank you for helping out our families, our lineal descendants, who's just holding onto the lands. Because Makena is going to be developed. You know that, I know that, very soon and we will be displaced by people coming over to vacation and for their quality of living not even thinking about all of us here on this panel, right here, Councilmembers and our children. Where are we going to go? We don't want . . . yep, we want affordable housing, but what about us? What about us?

Thank you. Thank you so much for your time. I'll reach out to you, Tamara. Mahalo nui.

COUNCILMEMBER PALTIN: Mahalo. Thank you.

MS. VEDDER: Aloha. A hui hou.

CHAIR LEE: Aloha. Any more questions, by the way Members? If not, may we have the next testifier, please.

COUNTY CLERK: We're going to circle back around to number, telephone number ending in 2818 and then we'll follow 2818 with Sarah Sexton.

CHAIR LEE: 2818. Okay, 2818 are you there? If not, let's go to the next one, Madam Clerk.

COUNTY CLERK: Okay, our next testifier is Sarah Sexton.

MS. SARAH SEXTON:

Aloha, Council and mahalo for all your time and these late evening. I'm very grateful for it. My name is Sarah Sexton and I'm honored to be a resident of Maui County, living in Haiku. And I'm here to testify tonight in regard to the property taxes for accommodations. Specifically, I wanted to point to the property taxes for the Hotel and Resorts, Time Shares and Short-Term Rentals. Those I would really like to see moved all the way up to the highest tier, which is $16.41. I've mentioned this before at a hearing, but it's my understanding that we have the lowest property taxes on Short-Term Rentals and visitor accommodations of any of the islands in Hawaii, while we're the premiere destination of all of the islands.

And pointing to the person that spoke before me, who I thought made a lot of very wonderful points, I'd like to point out that until all Hawaiians are secured housing, it really isn't appropriate to be creating more housing, or excuse me, more accommodations for visitors. And we also need to be finding ways of limiting the amount of visitors that are coming, so that people can try and reprioritize and be looking inwards as a community and seeing how they can serve their community, and one of those biggest needs is housing.

So, again, I would like to see all of those pushed to the absolute max of $16.41, I've mentioned Hotel and Resort, Time Share and Short-Term Rentals, but if there are any others that fall under the realm of visitor accommodations, I would like to see those also pushed to the maximum. And I guess, I would just say mahalo to all of the people who have spoken tonight.

I really hope that the Council does push for this housing and the negative impacts that I think we're seeing through tourism and the surge that's happening now, is very unnerving for a lot of people. And I hope that we have your support and pushing this is a positive direction.

We do know that the hotels are not going to make this choice on their own to raise prices or do anything that will potentially help us lower some of the incoming visitors. And so we really gotta find creative ways of doing this from within the community. And I think one way of doing that is holding them to their word. If, as they say, that if property taxes increase, they have to raise their rates and that is going to lower the amount of incoming visitors, then we need, we need to see if that's true and we need to hold them to that.

And I hope this can be just one positive step towards a better quality of life for all of the folks living in Hawaii. So again, thank you for all of your time, or excuse me in Maui County. Thank you for all of your time. Mahalo.

CHAIR LEE: Thank you. Any questions for the testifier? If not, thank you very much. May we have the next one, please.

COUNTY CLERK: Our next testifier is U'i Kahue-Cabanting, and U'i will be followed by Al Sipe.

MS. U'I KAHUE-CABANTING:

Aloha and good evening, and mahalo to the Maui County Council. Short and sweet, I'm here to say no increases for Owner-Occupied properties. Also, for Non Owner Occupied, which is what I qualify under, even though I am a Hawaiian homesteader. For those especially, who are renting to long-term people, because that is where our residents who can't afford housing live, and they can't live there with a reasonable rent, when property taxes go up.

I have a daughter who's paying $2,400 for a place, that's just ridiculous, that's in Maui. And then I agree with the people who spoke before about Non Owner Occupied in reference to family owned properties. We need to find a way to keep family properties within the family. We are losing everything, we can't buy anything, and we're losing everything that we have. So there needs to be a way for lineal descendants . . . property there is livable . . .

CHAIR LEE: U'i, U'i.

MS. KAHUE-CABANTING: --whatever the case may be.

CHAIR LEE: Could you stop your testimony?

MS. KAHUE-CABANTING: --by the way to keep Hawaiians on--

CHAIR LEE: Could you--

MS. KAHUE-CABANTING: Yes.

CHAIR LEE: Could you please turn off your video? Because your voice is cracking and it's hard to hear you. But if you turn off your video, yeah, okay now try talking again. Can you say something?

MS. KAHUE-CABANTING: Can you hear me now?

CHAIR LEE: Yes, better. A little louder, talk a little louder.

MS. KAHUE-CABANTING: Okay, I'm trying to talk closer into the mic. My apologies.

CHAIR LEE: Okay. Great.

MS. KAHUE-CABANTING: ‘Olelo hou?

CHAIR LEE: Good.

MS. KAHUE-CABANTING: So, ‘olelo hou, again?

CHAIR LEE: You're fine now.

MS. KAHUE-CABANTING: Okay, so, testify again?

CHAIR LEE: No, no. Just finish, you can finish your testimony.

MS. KAHUE-CABANTING: Oh, okay. Actually, I was already close to the end. It was, like I said, we have to find a way to keep Hawaiian lands in Hawaiian hands. These Non Owner Occupied, because they're family properties and the kids are the inheritors and they don't actually live on the property but they still hold the property, we need to find a process to ensure that they are able to keep those lands. Thank you.

CHAIR LEE: Thank you. Are there any questions for the testifier? If not, thank you very much for coming. Thank you.

MS. KAHUE-CABANTING: Mahalo.

CHAIR LEE: Madam Clerk.

COUNTY CLERK: Our next testifier, Chair is Al Sipe, and Al Sipe will be followed by Faith Chase.

MR. AL SIPE:

Sorry, I'm going to get things turned on here. Hi, can you hear me?

people who do Owner-Occupied and they not only won't pay the five-fold increase, but they will also not be paying all the tourist money.

Tourists pay a lot more money in sales tax and excise tax than an owner does, the local living owner. So, you're going to reduce the amount of money you're actually getting if you take this approach. It won't solve the problem that people are bringing up, I applaud the problems . . . bringing up, I think, you know, efforts should be made in that area, but don't do it the wrong way and come up with less money, not more. Thank you very much.

CHAIR LEE: Thank you, Mr. Sipe. Are there any questions, Members? If not, thank you very much.

May we have the next testifier, Madam Clerk.

COUNTY CLERK: Thank you, Chair. Our next testifier is Faith Chase, and Faith Chase will be followed by, we'll try telephone number ending in 2818 one more time.

MS. FAITH CHASE:

Good evening, Chair. Good evening, Council.

CHAIR LEE: Hi.

MS. CHASE: Quickly, I am in favor for increases on tax investment property, Short-Term Rentals, Hotels and second homes. I'm in absolute agreement with testifier Leinaala Vedder. Homeowners that can show they have continued occupancy of the properties or tenancy, that, that needs to be figured out. I don't doubt that we'll figure it out in time, I don't think, if anybody gets stuck in sort of that administrative work that that might entail, I want to just lift that worry off of you right now, because, um, those that can prove their long-standing tenancy with Land Commission Awards or what have you, it won't put any burden on the County because, because they will be benefitting from this, I'm sure they'll meet you in the middle. And if for any reason they couldn't or became bothersome, I don't doubt for a moment that a non-profit would rise to help see that through.

Um, I, you know, I don't, I think that, when I traveled to my father's side last year, I, I, you know me, I kind of, I'm, I look, I got olive skin, I always wear hats because I cannot be in the sun. I look like in between, I'm, maybe I don't look like one Maui girl, so I was in the airport restaurant for a long time waiting for my flight and I can't even tell you the attitudes from the conversations I heard around me, maybe because I look like a tourist myself with my Hilo Hattie hat, or whatever. I would encourage you to go to the airport, anytime you guys travel, go to the airport early, sit in, sit in the airport and just listen to the conversations. And you'll be aghast at people making plans to come and invest and their attitude, it's just, it's really, it will make you palu.

I do know that I'm not, it always makes, it's hard to see ag property taxes rise no matter what. I do understand that the larger present day said ag owner, landowners, they do encompass a large amount of acreage and that would make a difference. But it's really, it's always hard for me to see that.

I guess I just wanted to, I heard a lot of, you know, where are we going? We're failing? We're dying? We're suffering. You know, I hear a lot of these comments tonight, but I just want to just paint a picture for you, as I have my first Commission meeting tomorrow on homelessness, you know, Healing Solutions for Homelessness. We have families who come home, shower, bathe, you know, eat and then they sleep in their cars. Three to four family members, because they don't have housing. So I just wanted to leave you with that thought.

And also, in closing, I would like to support Councilmember Johnson's proposal for $20 million. I, I think that, I don't think he's going anywhere. I think he's, he's a long standing, I think he'll see it through, I think he has support in the community and I understand how people are tiptoeing, but I just want to tell you that you have an empowered community that's going to see this through. Thank you.

CHAIR LEE: Thank you, Faith. Any questions, Members?

If not, Madam Clerk.

COUNTY CLERK: Chair our final individual signed up to testify right now is Mr. Tom Croly. And I'd just like to put a call out if anybody is on the call and would still like to testify, to please inform staff via the meeting chat of your intentions.

Mr. Croly.

<u>MR. THOMAS CROLY</u>:

Aloha, Council. The Council has heard from me many times before on real property taxes. And I don't come here to lobby on anyone's behalf. I've always tried to provide the Council with a better understanding of our real property tax system and the taxpayers who are providing the revenues that the County uses, that you use in the budget and the potential consequences of the tax rates that you set each year. I'm not sure that the Council understands much of my testimony because the actions that you've taken in the past and again this year are inconsistent with the advice I give you, but it is what it is.

But probably the most frustrating thing for me is when I see testifiers, and worse yet, Councilmembers say things that are patently false. I'm never sure whether they're doing this because they are just misinformed or they're trying to advance a narrative that they, you know, politically like. Nevertheless, I stand here today again to help you with a better understanding of our real property tax system.

There are some folks who have come forward and compared our rates to the rates of other real property tax systems. You can't do that and you can't do that because rate is only the single component of the tax bill, you have to consider what the assessments are, what, what, um um, exemptions go into them. Many, many municipalities on the mainland only assess at a percentage, a small percentage of the actual total value. And then finally, what the actual assessed values are?

Here, a two-bedroom condo, is a $1 million. In Des Moines, Iowa, a two-bedroom condo is $150,000. So you can't use the same tax rate for the two of those. People who make these comparisons between tax rates in other areas truly show immediately that they don't understand what the tax system is.

I also want to complain if you will about the false narrative that's been put forward, and it's been repeated by some of the Councilmembers, that the lack of housing on Maui has been created by Short-Term Rentals. I want to point out that the people in the Short-Term Rentals tax class are condominium owners who are in Hotel District or Apartment District prior to, that were built prior to 1991, generally in buildings that were built specifically to house the visitors to Maui. So, so, the idea that in some way, shape, or form, these condos that were built for that purpose should have been in, housing residents is just patently wrong.

And then in single family homes, the only single-family homes that are legally in the Short-Term Rental classification are those who have jumped through the hoops and gotten the permit. That's only 250 homes, yet you have 20,622 properties in the Non Owner Occupied. Some of those properties are long-term rentals, but most of those properties are indeed taking away housing from our residents. So, when you're going to the well and looking for who you're going to tax with respect to that, there's the category, right there, okay.

CHAIR LEE: Tom, Tom, can you please conclude, Tom?

MR. CROLY: I have more to say, but I took my three minutes. Thank you, Chair.

CHAIR LEE: Are you done?

MR. CROLY: I will. I have more to say, but that's my three minutes and I appreciate it.

CHAIR LEE: Yeah, I'm sorry, your time's up, but Members may have a question? Anybody have a question? If not, thank you, Tom.

MR. CROLY: Good luck, everybody.

CHAIR LEE: Thank you.

Madam Clerk.

COUNTY CLERK: Chair, our next testifier is Mr. Rick Smith, and Mr. Smith will be followed by Bob Fondiller.

CHAIR LEE: Do we have any more testifiers after that? Cause I was planning to take a recess, but if we don't have any?

COUNTY CLERK: Have two more.

CHAIR LEE: Just two more? Okay.

COUNTY CLERK: Just two more after that. Total of four.

CHAIR LEE: Call him again, please.

MR. RICK SMITH:

This is Rick Smith. Rick Smith. Yes, everybody can hear me. Hi. Mahalo for listening to me. My wife and I own a condo here for many years and we use it as a second home, and we spend at least half the year here in Maui because we like living here. We don't see our condo as an investment, but rather as our Maui home. We do not rent our unit to anyone and we are not looking to put more orchids in our pool as was mentioned by somebody previously.

I was recently informed by the Maalaea Village Association that the County was changing many of the condo tax classifications from Apartment to Short-Term Rental. We fill out and submit our usage questionnaire each year and designate that our condo is an Apartment. I checked my property records and sure enough, this change was made to our unit without any notification of any kind from the County. It appears that our Apartment classification according to your agenda tonight, still exists. So, I'm wondering why it was changed without our knowledge? This change effectively doubles our tax rate. I have filed an appeal but will still be required to pay the tax rate for the condo rentals. It is very unfair to arbitrarily make this change and treat our unrented unit the same as a unit that is being used as a vacation rental deriving revenue for its owner. Again, we don't derive any rental income from our unit.

I am asking the Council to explain the rationale for targeting non-rental owners. This is especially concerning as many condo owners who do not rent were unable to travel to Maui this year due to COVID, and maybe unaware of this change until they receive their tax statements. That will be, they will have missed the appeal deadline.

We live here, we pay our taxes, and we support the local economy and feel that we are being unfairly taxed. If someone such as ourselves is forced to sell our second home due to taxes, it is likely that the new owner will use the property as a vacation rental. Is this the trend what we want? I don't think so. Thank you very much.

CHAIR LEE: Thank you, Mr. Smith. Any questions, Members? If not, thank you again.

Madam Clerk, next testifier.

COUNTY CLERK: Chair, our next testifier is Mr. Bob Fondiller, and Mr. Fondiller will be followed by Laurie Lowson.

<u>MR. BOB FONDILLER</u>:

Hello, my name is Bob Fondiller and thank you very much for giving me the chance to speak on this issue. I'm a full-time Maui resident, I'm also a board member of our Wailea condo association, I'm an active member of the Wailea Community Association. Even though I will not be personally affected by the reclassification changes that came about with Ordinance 5160, I wanted to speak up on behalf of those condo owners who are adversely affected by this very drastic change.

Over the past two years, you, the County Council, have moved most of our owners from an Apartment classification where they were paying between \$5 - \$6 per thousand dollars of assessed value to Non Owner Occupied where they are paying \$6 - \$7 per thousand of assessed value into now the Short-Term Rental category where you will soon be deciding on a range of \$10 - \$16.41 per thousand dollars of assessed value. That is as much as 173 percent increase in property taxes for these part-time residents.

When you moved many of our owners from Apartment to Non Owner Occupied, these owners scratch their heads with the name of the new classification. They were not non-owners. They were owners, who were occupying their units on a part-time-basis. Part-time being two to six months a year. Many of these owners have been part-time residents on Maui for 10, 20, and even 30 plus years.

But this latest change moving them to Short-Term Rental left them even more perplexed. How could they be Short-Term Rental class if they own their unit for again, 10, 20, 30 years and had never rented? Many of these owners feel like the County is trying to balance the budget by increasing their taxes by 70 to as much as 170 percent. Many of these owners feel that Maui is their second home, even if they are actual residents of Washington, California, Oregon, or other states, or perhaps residents of Canada.

Many of these people feel that after living here part-time for many, many years, the Council has now decided to stick it to these people because they cannot vote and therefore, have no way to fight back over what they perceive as a way out of line increase in their property taxes. How would each of you feel if your taxes have been arbitrarily increased by 70 to 170 percent in one year?

Many of these adversely affected part-time residents have been big supporters of local non-profit. When I look at a list of supporters of the MACC, the hospital, Boys and Girls Club, Humane Society, etc., I see many of these part-time residents who love Maui and want to do their fair share to support these worthy causes. I would contend that when these part-time residents are here, they spend and pay taxes to a much greater extent than the County services that they are using.

I would like to see the group of condo owners who do not rent short-term change back to either the Apartment class that they were in two years ago or be kept in the Non Owner Occupied class that they are in this fiscal year. Thank you very much for listening.

CHAIR LEE: Thank you. Are there any questions, Members? If not, thank you Mr. Fondiller.

MR. FONDILLER: Thank you, Ms. Lee.

CHAIR LEE: Madam Clerk.

COUNTY CLERK: Next testifier is Laurie Lowson, and Ms. Lowson will be followed by Alexa Dudoit.

CHAIR LEE: And how many after that, Madam Clerk?

COUNTY CLERK: No one at this time. Alexa is the last testifier on the list.

CHAIR LEE: Okay, Alexa.

COUNTY CLERK: Yeah.

CHAIR LEE: Play music from the '80s, nah, just kidding. Alexa.

<u>MS. ALEXA DUDOIT</u>:

Yes.

CHAIR LEE: Okay, it's your turn.

MS. DUDOIT: Oh, okay, okay. Wait, hang-on. Let me turn on my video. Can you see me?

CHAIR LEE: Yes. Yes, we can.

MS. DUDOIT: Okay, now I gotta put my glasses on so I can see what I'm talking about. Boy, you guys have a big job to fill. There is a lot of pukas that need to be filled and I'm talking tonight about the Non Owner Occupied.

As someone who owns a second home that is rented out to low-income and Section 8 families, the proposed rise in Non Owner Occupied taxes will increase, will create a burden on my family and myself. The proposed increases are intended to create more money and opportunity for affordable housing that isn't even a realistic reality in the next fiscal year. Yet, you know, we, I provide, I'm already providing affordable housing which may, which maybe un, unaffordable due to tax increases.

Multi-families, they want to own their homes, but in reality, most of them can't secure employment to even qualify for the necessary loan programs. These families depend on local people, like me, to offer affordable rentals. The County passed a resolution to give long-term rental exemptions for people in my situation that would be a great, great, and needed relief, but not wait until it's available for locals like me. Then we can tax those offshore and out of state homeowners looking to make money off our people without affecting our local familites.

I guess the bottom line I'm thinking about is how, how are the local families going to survive with the increase? I really like what Leina'ala from Makena had said, there's a lot of truth to those things that she had mentioned about local families and trying to survive and hang on to what they have. The fact of the matter is that banking million of dollars for affordable housing based on a plan that is not even been formulized, accepted, formally accepted by the Council is kind of irresponsible and risky.

The other thing I wanted to speak about was agriculture. Raising, raising our agriculture rates could force us into selling our prime agriculture lands that have been in our families, my family for generations. So, the emphasis on steering away from tourism and supporting agriculture makes sense, to keep ag rates to help the industry thrive. And I'm a big supporter in the agriculture industry and would like to see our local families be able to get their own houses and, and be able to, you know, have their own homes without having to be taxed so much.

And I just don't understand, you know, I mean its kind of like there's alot to think about, there's many different issues in different areas in this whole tax increase. So, I think maybe we should kind of think about our local families first, the ones that really need their homes and, and trying to hang on to what they have. I just wanted to say thank you for letting me speak.

CHAIR LEE: Thank you, Ms. Dudoit.

Member Paltin has a question, followed by Member King.

COUNCILMEMBER PALTIN: Thank you, Chair Lee. Thank you, Ms. Dudoit.

I just was wondering when you're talking about the non, like I don't know what tier you're in. So, when you're talking about the Non Owner Occupied increase, are you talking about the rates that were posted for this meeting on the agenda?

MS. DUDOIT: Yes. Yes, the rates that are on the agenda.

COUNCILMEMBER PALTIN: Oh, okay, okay. Cause on Friday night we kind of set more specific rates. So you're not talking about those rates that were set on Friday night?

MS. DUDOIT: No, I missed that meeting. So--

COUNCILMEMBER PALTIN: Okay. Okay.

MS. DUDOIT: I gotta catch up a little bit. But um judging from what I saw on the agenda, that's what I'm basing my testimony on.

COUNCILMEMBER PALTIN: Okay, okay. Thank you. I don't want to get into more specifics cause it's personal, I mean, your personal info.

MS. DUDOIT: Right, right. Thank you.

CHAIR LEE: Member King.

COUNCILMEMBER KING: Thank you, Chair. Actually, my question was along the same lines, I was just wondering if you were in the Tier 1, Ms. Dudoit, as far as Non Owner Occupied?

MS. DUDOIT: I believe so, yes.

COUNCILMEMBER KING: Okay. When we met on Friday, we didn't raise those rates so that, we assumed that people, local people who are, you know, renting from people like you, and I really appreciate the fact that you're renting at reasonable rates to long-term residents. That they would probably be looking at the Tier 1, for renting because we're assuming they're not in million dollar homes, right.

MS. DUDOIT: Right, exactly.

COUNCILMEMBER KING: Okay, thank you. Thank you for sharing that.

MS. DUDOIT: Thank you.

CHAIR LEE: Okay, I don't think we have any more questions. Thank you again, Alexa.

MS. DUDOIT: Thank you.

CHAIR LEE: Now, Madam Clerk.

COUNTY CLERK: Chair, our next testifier is Laurie Lowson, and Ms. Lowson will be followed by Uncle Junya Nakoa.

<u>MS. LAURIE LOWSON</u>:

Aloha.

CHAIR LEE: Aloha.

MS. LOWSON: Thank you, Chairwoman Lee and Councilmembers. I appreciate you taking the time to listen to testimony from members of the community regarding the real property tax rates for the upcoming fiscal year.

I am a realtor on West Maui. Our office manages over 200 long-term rentals and about 200 commercial rentals. This has been an incredibly difficult year for most people. Businesses are just now starting to get up to speed. Restaurants and activities are held to 30 to 50 percent occupancy with shortened hours. Many of the restaurants and activities are just barely surviving. Prices are up everywhere. Shipping costs have increased, making the price we pay in the stores even more expensive.

Please, leave the tax rates the same as currently set or reduce the real property tax rates. This is not the time to raise taxes. The decision to reclassify many Non Owner Occupied properties to Short-Term Rentals is already dealt a serious blow to homes for Maui residents. I am hearing from taxpayers who previously were classified as non-owner-occupant residential that if Maui County is going to tax them at the hotel structure and rental rate, they might as well evict their long-term tenants and rent their condos on VRBO as Short-Term Rentals. Owners who never rented their condos are now signing up for vacation rental programs to cover the doubling of the real property taxes. Talk about not an unintended consequence.

More people will be on the roads and at the beaches with the ever-increasing number of vacation rental condos. If the real property tax rates are increased, those increased costs will be passed onto the end consumer, be it the local resident who is the renter, a small businessperson, or the resident shopping for groceries and basic necessities. Now is the time to be fiscally prudent. Please do not further increase the burden on real property owners with tax rate increases. Have compassion for the situation we all find ourselves in these days, struggling to make ends meet during a worldwide pandemic.

Again, I encourage you, the Members of the County Council of Maui, to be a part of the recovery from this global economic disaster and not choose to exacerbate the already stressed economy by raising real property taxes. Thank you for your consideration.

CHAIR LEE: Thank you, Ms. Lowson. Any questions, Members? If not, thank you and may we have the next testifier, Madam Clerk.

COUNTY CLERK: Next testifier is Junya Nakoa, and Uncle Junya will be followed by Kalei Aiwohi.

MR. JUNYA NAKOA:

Eh, howzit guys. Mahalo again about coming night-time. I going tell you this, I no need help from that, ah, previous speaker, the Croly guy. I no need help for talk about what I like. But, um, just wanted for tell you that.

But yesterday, Planning Commission had this Wailea housing, 57, $3 million homes, and you know the reason why they was kissing ass to the, oh, making nice to the commission, cause they was saying all their property tax is going to go to support the local, you know, the local economy. So, they asking to get taxed some more, tax 'em. Make em choke, make em more high, I no care. Make those guys, they, they like take our land and take our resources and no build no affordable homes, tax those buggahs. Give em choke. I no care how many percent you guys like go, go choke, go hundred you like, I no care.

And then, um, we gotta catch up with the rest of the islands, they do em already, so why we not doing em? So, we gotta do um, you know what I mean. And then, um, the hotels, whoo, yessah, like the other guy the one that when talk earlier, that when get better facial hair then me and more handsome, he when say that tax the hotels choke, so then they can put the money towards the tourist and raise their rates, make the room rates high so then we get quality tourist that come over here. Not the kine guys get $39.00 one-way trip on the plane and come over here, they get cheap rooms and then, what they do, they no spend their money on, um, at our restaurants, they just go bust up our place and what not.

So, we gotta, like, you know, you guys say em too, we gotta get quality visitors, not quantity. So, I think by raising the taxes on the hotels, making them raise their hotel rates, whoo, I think we going get some quality buggahs, you know, coming over here and um, yeah.

You know what, the $20 million for the Gabe Johnson stuff, for the affordable, we gotta back that up, c'mon, we gotta do that stuff. So, tax the guys, the part-time owners, these condo owners, they crying cause they gotta pay little bit more because they six-months or whatever over here, too bad. Suck it, if not get the heck out of here. Go the other place. Go someplace, go someplace else, we no, you know, I mean we no need you kine people for only six months anyway.

So, yeah, tax, tax those buggahs. And take care us guys, us local guys, you know what I mean. And you guys is bad ass. Friday night, I was coming home late that night and you guys was still on. You guys nuts. Good job. Mahalo.

CHAIR LEE: Thank you, Junya. Anybody have questions for Mr. Nakoa, who seems to have combed his hair and had a haircut, wow.

MR. NAKOA: I pulled um back. I when tie 'em up. Hot over here. Hot, hot, hot over here.

CHAIR LEE: Oh, okay. Okay.

MR. NAKOA: Buggah hot, yeah.

CHAIR LEE: Okay. Okay. No, questions. No questions. So, thank you for joining us. See you.

MR. NAKOA: You guys have a good one. Yessah.

CHAIR LEE: Thank you, thank you.

Madam Clerk.

COUNTY CLERK: Our next testifier is Kalei Aiwohi, and Kalei will be followed by the telephone number, last four digits 4423.

CHAIR LEE: Hello, Ms. Waiohi, Aiwohi.

MS. KALEI AIWOHI:

Aloha. Mahalo, for having me. I, I was watching on Facebook tonight and I felt compelled to come in and speak to you guys regarding this property tax increase. I was asked to come on and share my mana'o although I'm not a lobbyist, so I am not paid.

We, my husband I, we live in Waiohuli Hawaiian Homes, and so we are very lucky. Prior to that we purchased our house in Makawao, and that was in 2010 during the recession and we were very lucky to have done that as well.

So right now, we qualify as Non Owner Occupied. You know, and it concerns me, where does that leave us, where does that leave our tenants, where does that leave our local families? Right now, we're under HUD, and so with HUD there's a cap on what we can charge our tenants. And so right now, we are allowed to collect $2350, that's our rent for a three-bedroom, two-bath, enclosed garage. We have a husband and wife there with four small children. And you know, I'm concerned, I'm concerned about where, where does this leave us?

Right now our property tax last year was $3000, $3000, you know, and even if it doesn't affect us, and I have to say mahalo to Keani for that 200, the 200 exemption, because every bit helps to keep us here. Our families, our local families are what Hawaii is about, and I'm sorry for being emotional on this, but we're all connected. Leina'ala she's my son's Kumu, and so we all, we, we all need to work together to help our local families.

I honestly could care less about, you know, our tourist. But we're stuck here living with subquality standards because, because our economy is tourism. That's rubbish, you know, we're stuck with having to make do, you know. I turn around and I take my kids to the beach on the weekends, there's no local families there. I cannot find a parking stall.

And yet, you know, one request would be for those families, who are, who are fortunate enough to own a second house, and they're fortunate enough to have tenants, that maybe you guys would allow them to be fortunate enough to have another exemption for HUD rentals, because every single bit helps. I just wanted to thank you guys for allowing me to share tonight. Mahalo.

CHAIR LEE: Are there any questions, Members? If not, oh, we have one.

Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair Lee. Thank you, Ms. Aiwohi. I just was wondering if your home is in Tier 1?

MS. AIWOHI: Currently, I believe our home, if we were to get it appraised it would be about $700,000. So, you know, I'm not sure where that leaves us.

CHAIR LEE: Tier 1.

MS. AIWOHI: Um, and you know, even another thing that would help us local families to pay our property taxes is to break it up, you know. I got stuck with paying $1500 in one month. It would help to make it quarterly, maybe like how Honolulu did.

COUNCILMEMBER PALTIN: Okay, thank you.

MS. AIWOHI: Mahalo.

CHAIR LEE: Anymore? Mr. Sinenci, Member Sinenci.

COUNCILMEMBER SINENCI: Mahalo, Chair. And aloha, Ms. Aiwohi for your testimony tonight. I was just curious, I know that we've, we've got some monies coming down to help with rentals. So I mean, having, knowing that you're renting for HUD, are those, are your tenants able to qualify for some of this rental assistance?

MS. AIWOHI: Um, kala mai, I'm not sure what, what you mean by qualify?

COUNCILMEMBER SINENCI: We're supposed to be having some added funds for rental assistance, so can check on that. Thank you.

MS. AIWOHI: Okay. Mahalo.

CHAIR LEE: Any more questions, Members? If not, thank you, Ms. Aiwohi. Thank you.

Madam Clerk.

COUNTY CLERK: Our next testifier is Marianne Fisher, and Ms. Fisher will be followed by Aja Eyre.

CHAIR LEE: Okay, and then we're going to take a recess.

<u>MS. MARIANNE FISHER</u>:

(Inaudible) Aloha.

CHAIR LEE: Somebody's trying to get, are you Ms. Fisher, trying to get on the call?

MS. FISHER: Yes.

CHAIR LEE: Okay.

MS. FISHER: Yes. Aloha, I would just like to--

CHAIR LEE: Maybe you should, turn off your, um, turn off your video please. That might help. Okay, now try speaking now. Ms. Fisher?

MS. FISHER: Is that better?

CHAIR LEE: Yes, it is.

MS. FISHER: Chair?

CHAIR LEE: Yes, it is.

MS. FISHER: Okay. Mahalo. I would like to thank you folks all for being there this evening. I would like to speak in favor of the increase . . . of the maximum. I think that . . . do this to achieve what has been said before, quality versus quantity on investment hotels, second homes. I do however strongly feel that some consideration does need to be made for folks like the lady who just spoke. People that live here and work here and have been here and live here full-time and rent to people that live here full-time and work here.

So, um, you know, that difficult to make some kind of . . . you folks do is under . . . saying that but maybe a consideration I believe for the, that group of people that do live here and are renting to folks that live here. Because certainly we don't need to take away local, um, and that's it. Thank you very much for your time. Mahalo.

CHAIR LEE: Ms. Fisher, thank you. Mahalo to you. Members, do you have any questions? If not, may we have the next testifier and then we're going to take a 10-minute break.

COUNTY CLERK: Our next testifier and our last testifier to be signed up is Aja Eyre.

CHAIR LEE: Hello.

<u>MS. AJA EYRE</u>:

Aloha. Good evening. I don't want to cut into your recess or the ending of this meeting for sure and I feel like there's been so much said, and this is a multi-faceted issue. And I guess the only thing that I want to contribute to the discussion and especially to Ms. Aiwohi's very poignant and emotional testimony is that we need to look at tourism and change the narrative a bit . . . economy and tourism is so important for us here--

CHAIR LEE: Aja, Aja, could you turn off, could you turn your video off, cause your audio--

MS. EYRE: Yeah. Is that better?

CHAIR LEE: Okay, try again.

MS. EYRE: Is that better?

CHAIR LEE: Yes, it is. Thank you.

MS. EYRE: So, the thing that I think even tourist don't realize, and they wonder why sometimes they maybe don't get as much aloha as they were expecting, is that the average is about 80 cents on every dollar, 80 percent of what any tourist spends here is not kept in the County. And that's conservative. I've seen it at like 96 percent. And so as a County, we experience a lower quality of life even though we have an enormous amount of money that is spent here, but the money doesn't stay here.

And really the only power we have is through taxation. We can't change ownership of hotels and the vacation rentals and all of those things. They're going to be offshore owners, we can't, we can't make a dent in that, there's nothing really we can do about that. But we can tax that offshore ownership and keep some of that money here to improve the quality of life for our residents. And improving the quality of life for the local residents is, is finding a way to provide more affordable housing and rentals. It's improving our parks and infrastructure. It's, you know, doing the things, making sure our, our, you know, County workers are well paid, and see promotion through their careers, so that they want to stay here and be supportive of our quality of life. There's all of these parts that have to be funded by our economy, and yet this is our only power, our property tax is our only, our only option because we can't keep more of that tourism money here.

And, you know, tourist come and say, oh, I spent, you know, I spent $6,000 on this trip, aren't you more grateful? I'm like, we're so grateful, except only about $500, like the money that you spent to take a bike tour and the money you spent at that one local restaurant that you went to, that's the only money that really stays here. Yes, you paid some employees here and there, but the majority of that money doesn't stay with our, with the locals. And so, we see you coming and using our space and causing traffic, but we don't really see the benefits.

And so I, I applaud that you guys are looking at this, it's a very difficult issue, I know and I am the last person to say raise taxes, cause, like, I mean, I love paying my taxes, I love what they go towards, but I don't want to pay more than I have to. So, I just, I appreciate you looking at it, and I know it's a complicated issue, but I also just want to change that narrative that tourism is great, but we still don't see enough of the benefit here on our County. And that's all, have a great recess. Thank you so much.

CHAIR LEE: Any questions? If not, thank you. Madam Clerk, do we have anybody else signed up?

COUNTY CLERK: We have two more people that signed up.

CHAIR LEE: Oh, okay, they're coming by twos, yeah. Okay, we're going to take a short recess until 8:05. Meeting in recess.

(THE PUBLIC HEARING WAS RECESSED BY THE CHAIR AT 7:55 P.M., AND WAS RECONVENED AT 8:05 P.M., WITH ALL MEMBERS PRESENT, EXCEPT FOR MEMBER KAMA, EXCUSED.)

CHAIR LEE: Will the public hearing of the Maui County Council, the public hearing of April 28, 2021 please reconvene, and we will continue on with our testimony.

Madam Clerk.

COUNTY CLERK: Next up to testify is Kelly Anderson, and Kelly Anderson will be followed by testifier under, named Wello.

MS. KELLY ANDERSON:

Hi everyone. Thank you for having me. I want to make a little short, and announce, like a little short saying, but I would like to be considered when making this decision, because as a full-time resident who works three jobs here on Maui to afford a home is, it's so high to begin with and so I know a few, me and my friends, we wanted the investment properties first to help pay for that primary home. And so when this tax hike goes up, it's going to really hurt the residents here.

And I was thinking that maybe if we didn't do the investment taxes, maybe we could make a fee or a fund regarding just tourism in general, because I think it will be a bigger budget for you and tourism comes to Maui, and they bring a lot of money with them and that's good for your economy. Tourism also adds to the impact of the environment, and so by paying kind of like a fund or a fee to come to Hawaii, they are going to get that magical experience, they are going to get to be in a hotel and experience the activities that we have here. But that fund can go towards helping your environment, as well as more affordable housing for the residents here. So thank you, thank you for having me.

CHAIR LEE: Are there any questions, Members? If not, thank you, Ms. Anderson.

MS. ANDERSON: Thank you.

CHAIR LEE: Madam Clerk.

COUNTY CLERK: Our next testifier is signed on as Wello, and Wello will be followed by John Blumer-Buell.

CHAIR LEE: Hi.

MS. HARP: I just took some quick notes, but I just want to share some concerns and suggestions, maybe. I'd, I'd suggest postdate the property tax increase. Awareness of the impact to speculative investors would bring more awareness to, you know, people who want to invest in whatever angle they taking. And um, and ah, I think, you know, like maybe a two-year spread where, you know, amendments can be made so that all the pukas are filled. And then, um, you know, all the people concerned, you know, would be handled. I mean, this is a whole, big, unity effort, that's what it's going to be, because the impact to us is really traumatic. But anyway, let me get back to my thing, um.

So as for 2021, pandemic excuses for no increase be allowed. Two years going forward, 2023 enough time to weed out the genuine people from the fake people. Speculative investors, visitors, residents, descendants, you know, in respective districts were impacted. All of these things that happening from generations gone by. You know, we cannot fault people who came in that back days, and their descendants are among us, raised among us, you know, that we cannot blame them for living the dream of their ancestors, which was to make a better life for themselves. But yet, you know, I think of it now is just like we get dumbed down all the time, all the time, and you know, it does make us unhealthy, because it affects, it stresses us out, where we don't deserve it. But anyways, okay sorry about that.

And so, and you know, the Counties should be able to retain a nice portion of the TAT tax, yeah, instead of going into the General Fund. And maybe for the next two years would, you know, be good that you guys can have that and then review, you know, how it can go long-term sustainability for the whole State. But the County of Maui, you know, for right now, is my, um, my concern because I really hurting, I watching everything going down. I might be away but, I am of Lahaina district and that's my ahupua'a, the whole Lahaina district, and including the Lana'i facing Lahaina.

Anyway, um, I just did, I just did what I, I spoke, I mean I wrote down. But, ah, I can see better, just as my Aunty Puanani Felicilda said to me when I was going to be away for the first time, away from the people I love, throughout Maui, you know, Aunty Momi, Aunty Momi Lee, I mean you know, we had some times with her, but anyway, aside from that, and others, kupuna, Na Kupuna O Maui members, that's pretty much

CHAIR LEE: Tammy, can you wrap it up. Tammy.

MS. HARP: I, I'm done. I said all, everything I wrote.

CHAIR LEE: Tammy, did you know my mother, Momi Lee?

MS. HARP: Yeah. I got pictures of her too. She participated in that, um, that Ku'e, remember, Na Kupuna O Maui like in 2002-2003. Yeah. She was part of a, the walk from Mokuhinia down to Keka'a, yeah. I think she was there with us, I not certain but I know Aunty Diana Amadeo was there.

CHAIR LEE: Probably, yeah. My mother was like probably protesting something, yeah.

MS. HARP: Oh, yeah. She probably was sitting at the airport.

CHAIR LEE: She was a character. Any questions, Members? Any ques, yes, Ms. Paltin.

COUNCILMEMBER PALTIN: Aloha, um, I just, we was down there yesterday, I mean Monday, we seen Aunty Puanani, Aunty Momi, and bring my mom down there, she doing okay, so, everybody is doing good, good.

MS. HARP: Oh, I'm glad, nice. Thank you, thank you. Thank you, ohana. I miss you guys so . . . much. When I going come back, I dunno--

CHAIR LEE: Okay. You take care. You take care. Thank you. Thank you for testifying. And Madam Clerk, may we have the next testifier.

COUNTY CLERK: Chair, we have no other testifiers signed up right now.

CHAIR LEE: Okay.

COUNTY CLERK: And if an individual connected to the meeting has not yet testified that would like to do so, please unmute and identify yourself, now. You can also inform staff via the meeting chat. This is the last call for testifiers.

CHAIR LEE: Okay, Members. My intention--

MS. HARP: Excuse me.

CHAIR LEE: Yes.

MS. HARP: Can I just add one sentence? Because, yes--

CHAIR LEE: Okay.

MS. HARP: I just wanted to explain, okay. You see, Papa Kihei . . . he, his vision was at our first Thanksgiving that he, that we was to take care of our ahupua'a. So you know, and I talked to him before, and I said to him, you know, we talked about it, and I said you know, Papa Kihei, Lahaina district is my ahupua'a and you know, I do whatever I can here, you know, on the slopes of Mauna Kea. But anyway, just to make certain that you folks understand where I'm coming from. Thank you.

CHAIR LEE: I think we do. Thank you very, very much. Thank you.

So, Members, my intention is to leave testimony open for further testimony when we reconvene. So if there are no objections, I will recess this meeting to Friday, May 14 at 11:00 a.m., on the same BlueJeans connection we are now using. Any objections Members? Okay, so, this meeting is hereby in recess.

MEMBERS VOICED NO OBJECTION.

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

1. Pamela Tumpap, Maui Chamber of Commerce;
2. Genesis S. Young;
3. David Litman, Teran James Young Foundation;
4. Stan Franco;
5. Suzanne Dorn;
6. Faith Chase;
7. John Blumer-Buell;
8. Maureen Bacon;
9. Matt Bailey;
10. Miles H. Barber;
11. Peter and Randi Beauchamp;
12. Cat Bellinger;
13. Carole Berthiaume;
14. Susan J. Bethanis;
15. Susan Bharvani;
16. Rhonda Bruce;
17. Joe and De Buckwalter;
18. Deb and Don Cary;
19. Nikoya Collier;
20. Janet Condie;
21. Christine Conlon-Kemp;
22. Dale and Verla Crewson;

23. Misun Park Cummings;
24. Jessica Dichow;
25. Billy J. Dirksen, Ali'i Resorts LLC;
26. Sandy and Tom Duckworth;
27. Inga and Armin Ehlert;
28. Ron and Christine Fletcher;
29. Susan and Craig Franzen;
30. Bob Hansen, Maui Luxury Real Estate LLC;
31. Hawai'i Budget & Policy Center;
32. Marilyn Hawes;
33. Wayne N. Hedani;
34. Cindy Kay;
35. Tom F. Kerestesi;
36. Barry Larson;
37. Christine Larson;
38. Darren Le;
39. Cecile Lehrer;
40. Lisa, Yume Enterprise;
41. Fatima T. Lobo;
42. Liliana Lozano;
43. Todd Lynam and Yuejiao Liu;
44. Neil Lyon;
45. Maui Hotel & Lodging Association;
46. Lucia Maya;
47. Peter McCombs;
48. Linda McKinley;
49. Jaimie Morsillo;
50. Gregg Nelson, Napili Kai Beach Resort;
51. Robin Newbold;
52. Anita Norris;
53. Greg P. Peros, Maui Beach Hotel;
54. Vicky Powers;
55. Patrick and Christina Prevost;
56. Michael Pye, Fairmont Kea Lani;
57. Royal Mauian Board of Directors;
58. Jen Russo;
59. Carole Schmidt;
60. Ira and Sue Sealy;
61. Robert Searle;
62. Paul Seymour;
63. Patrick E. Shannahan;
64. Maggie Sheldon;

65. Gloria Simmons;
66. Mary and Paul Sipes;
67. Allan and Sharon Slaughter;
68. Wm. Kelly Sterling;
69. Robin Terentiuk;
70. Steve Tervooren;
71. Angela Vento, Wailea Beach Resort;
72. James T. Welsh;
73. Neda West;
74. Fred and Carolyn Wood; and
75. Tets Yamazaki, Sheraton Maui Resort & Spa.

THE COUNCIL PUBLIC HEARING OF *APRIL 28, 2021* WAS RECESSED BY THE CHAIR AT 8:24 P.M., AND WAS RECONVENED BY THE CHAIR ON *MAY 14, 2021* AT 11:01 A.M.

COUNCIL CHAIR ALICE L. LEE: Will the Maui County Council public hearing of April 28, on the proposed FY 2022, Real Property Taxes, please reconvene.

Good morning, Members, again, ni hao.

Mr. Clerk, roll call.

ROLL CALL

PRESENT: COUNCILMEMBERS GABRIEL JOHNSON, KELLY T. KING, MICHAEL J. MOLINA, TAMARA A.M. PALTIN, SHANE M. SINENCI, YUKI LEI K. SUGIMURA, VICE-CHAIR KEANI N.W. RAWLINS-FERNANDEZ, AND CHAIR ALICE L. LEE.

EXCUSED: COUNCILMEMBER NATALIE A. KAMA

CHAIR LEE: Mr. Clerk, please proceed.

DEPUTY COUNTY CLERK JAMES G.M. KRUEGER: Chair, there is eight Members present, one Member excused, a quorum is present to conduct the business of the Council.

For the record, I am Deputy County Clerk James Krueger. Also present from the Office of the County Clerk are County Clerk Kathy Kaohu; and Legislative Division staff Joyce Murashige, Lauren Saldana, and Dell Yoshida.

Joining the meeting from the Department of the Corporation Counsel is Deputy Corporation Counsel Kristina Toshikiyo.

This online meeting is being conducted in accordance with the Governor's most recent emergency proclamation on COVID-19. If connectivity affecting quorum is lost, the Council will be in recess. If connectivity affecting quorum cannot be restored within 30-minutes, the meeting will automatically recess to Tuesday, May 18, at 9:00 a.m. using the same virtual connections unless the Council announces a different date and time.

Chair, notice of this reconvening public hearing was published in the May 4 and May 7, 2021 editions of the Maui News.

CHAIR LEE: Members, we will be receiving testimony on the proposed real property tax rates for Fiscal Year 2022. Once testimony has concluded, we will be able to consider adopting the resolution posted today to set the rates.

So, for this one, this public hearing, we are able to vote. Before we proceed with testimony, I ask that everyone please keep their microphones muted unless it is your time to speak. Decorum shall be maintained at all times.

Mr. Clerk, please proceed with testimony.

DEPUTY COUNTY CLERK: Chair, proceeding with the presentation of testimony. Members of the public may testify by connecting to the Council's online meeting by phone or videoconference through the information posted on today's public hearing notice.

Individuals connected by phone are currently on mute and will be unmuted when it is their time to testify. Individuals connected by videoconference should keep both their video and microphones off and should turn them back on when it is their time to testify.

Testimony is limited to the item listed on today's notice. Individuals may testify for three minutes. When testifying please state your name and the name of any organization you represent. Please also identify to the Council if you are a paid lobbyist.

After your testimony has concluded, please disconnect from BlueJeans. Doing so will assist staff with identifying the remaining testifiers. The remainder of the public hearing can be viewed on Akaku Channel 53 or on mauicounty.legistar.com. Individuals may also be disconnected from the meeting at any time for breaking decorum.

Chair, the first person to testify is Darla Ellingson, to followed by Thomas Croly.

Those are the only two individuals we currently have signed up to testify. If there is anyone else connected to the meeting wishing to testify, please notify us in the meeting chat now.

Darla Ellingson.

MS. DARLA PALMER-ELLINGSON:

Aloha. I actually just read your item and I was actually here to testify on property tax rates, so I'm assuming I am in the wrong meeting. Is that correct?

CHAIR LEE: You're in the right meeting.

MS. PALMER-ELLINGSON: Okay. I'll proceed then. So, aloha, Councilmembers. My name is Darla Palmer-Ellingson, I'm speaking to you as a private citizen and a property owner in Haiku, since 1996. If you look at the County's zoning map for Haiku and really all of Upcountry and most of Maui, you'll see all the land is agriculturally zoned, except for narrow areas in towns and a few other designations. However, the exception of a few large parcels most of these areas are residential, many have old neighborhoods and some newer planned developments, and I'm talking specifically now about how Haiku Owner-Occupied residents in these neighborhoods are getting taxed more than double their in-town neighbors. I had the honor of some dialogue with Councilmember Molina who encouraged me to share my personal story as this is the same situation that affects so many people Upcountry.

My tax rate as an owner-occupant is $5.94. Owner-occupants within the narrow bounds of Haiku or Paia Town are paying $2.51, as are residents of Kihei and Lahaina, etc. When you look at the zoning map, the area from Haiku Town well past my 2.2 acre parcel near Five Corners is surrounded by well-established neighborhoods. I purchased my house and cottage in 1996, have always provided one dwelling and long-term rental, including many years in the HUD program. As you know, a significant portion of our workforce chooses to live in Haiku because rents are cheaper.

As an owner, our properties have less value, we get less income from providing long term rentals and we pay more than twice as much in property taxes, while our counterparts in Kihei charge high rents, 30 percent sell out to out-of-state investors and owner occupants pay the lowest tax rates. . . . on residential properties in Haiku typically have more space than their intown counterparts, providing an opportunity to relieve the rental housing crisis. However, without having some residential, agricultural designation, property owners such as myself are also left out of the new law allowing a second accessory dwelling. There was talk of extending this to ag land, but it never happened.

Being a former property tax assessor myself, in another state, I understand the concept of best and highest use when classifying properties for zoning. However, with ample large acreage for farming on the island, the best and finest use for small ag lots under five acres that have been in residential development for decades is for residential use. This should include the same level of accessory dwellings as other residential areas. This is one way to address the housing crisis. You may have noticed that my other initiatives to bring in net zero prebuilt housing factory to Maui through my volunteer efforts on the Climate Action Advisory.

If I could just sum up one line, if that's alright? I just need--

CHAIR LEE: Go ahead.

MS. PALMER-ELLINGSON: Okay, I just wanted to ask your support in creating a tier property tax rates for ag lots with at least one residential structure as you've done for other residential areas with Owner-Occupied rates equal to the new Owner-Occupied tier rate structure for intown lots. And also, please do extend that second accessory dwelling rule to these residential ag lots to bring existing lots in compliance and provide more long-term rentals. Mahalo.

CHAIR LEE: Thank you, Darla. Are there any questions for the testifier? Yes, we have two, Member Paltin, Member King, then Member Sugimura.

Member Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Ellingson. I was wondering if you could clarify what you meant by residential ag lots? If the zoning is what, and the community plan is what?

MS. PALMER-ELLINGSON: Right now, everything is just agricultural. That, it's just one zoning classification. I actually provided Councilmember Molina and Councilmember King with a map, and I can submit this in written form to you so you can see better what I'm talking about. There's just, just like a tiny sliver that's residential, everything else is ag.

COUNCILMEMBER PALTIN: So, can you clarify what you meant by what distinguishes it from residential ag, from other ag? Like, what do you mean by residential ag?

MS. PALMER-ELLINGSON: Sure. I sure can.

COUNCILMEMBER PALTIN: --zoning, everything is ag. What, what makes residential ag different from ag?

MS. PALMER-ELLINGSON: Well, again when you look at the map, it's clear that these are, these are housing lots. They're not in agricultural production, so even though they're zoned ag, they are residential, you know. So it's great you know, we can still grow things out here in Haiku and have agricultural production, but--

COUNCILMEMBER PALTIN: Thank you. I understand, I understand what you're saying. I got it.

MS. PALMER-ELLINGSON: Okay.

COUNCILMEMBER PALTIN: I got it.

MS. PALMER-ELLINGSON: Okay. Thanks.

CHAIR LEE: Member King.

COUNCILMEMBER KING: Thanks. Thank you, Chair. Thanks for being here Darla. Have you ever applied for an appeal? You ever tried to appeal to, for the residential tax rate?

MS. PALMER-ELLINGSON: I have not. But, you know, I'm not really just speaking for myself. This, this is, this is everyone in my community.

COUNCILMEMBER KING: Right, I understand the issue. So, are you saying that you would be, that folks like you would be open to rezoning? To like rural, to make it rural.

MS. PALMER-ELLINGSON: Yeah. Rural, in a tiered tax structure like what was done for residential. I should mention that I did try doing an ag plan. I heard it's improved, it's not easy. I don't think it would be easy for most people with small lots like myself, um, so, yeah.

COUNCILMEMBER KING: Okay. No, I, I, I've known about this issue and I think the first person who brought it up to me was Bobbie Patnode at the Ag Working Group. So, it's something we do need to work on. Thank you.

CHAIR LEE: Alright, our next, Member Sugimura, then Vice-Chair Rawlins-Fernandez.

COUNCILMEMBER SUGIMURA: Hi Darla. Good to see you. Thanks for always being out there. I just wanted to say, I was going to ask you, and I think you answered already, but, so in your designation you do receive the benefits of ag water rates and the benefits that comes with having that designation of ag though right?

MS. PALMER-ELLINGSON: What, what other benefits?

COUNCILMEMBER SUGIMURA: Like water rates. Your water rates are ag or are you not a ag, you're not doing agriculture?

MS. PALMER-ELLINGSON: No. I believe that has to be under a farm plan and I no longer have a farm plan.

COUNCILMEMBER SUGIMURA: Oh, so you have a rural situation. Okay, thank you. Thank you very much for testifying.

CHAIR LEE: Vice-Chair Rawlins-Fernandez.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Ms. Ellingson. Mahalo for your testimony this morning. So, I just, I've been trying to follow, so I just have a few clarifying questions. So, I think what I'm understanding is that you and others in your area have ag zoned lots where, with structures that people dwell in. So, all houses are either Owner-Occupied or Non Owner Occupied or STR, or Commercial Residential, and so we don't have the homeowner and residential classifications anymore. So, you and others like you that you're speaking for are Owner-Occupied?

MS. PALMER-ELLINGSON: Yes. A typical house and cottage situation which everyone in my neighborhood is and many neighborhoods, so I live here, and I provide rental housing as well.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay, so because you're Owner-Occupied, then you would qualify for the homeowner exemption and the lower Owner-Occupied rate.

MS. PALMER-ELLINGSON: That is correct.

VICE-CHAIR RAWLINS-FERNANDEZ: So, as far as tiering that agricultural classification, I'm not clear on what you are trying to achieve through that, since if there is a structure you would be Owner-Occupied or Non Owner Occupied or STR.

MS. PALMER-ELLINGSON: Well, I'm talking, I'm talking specifically about the property tax rates. So the property tax rate, if my house was in Kihei, for one thing it would be worth twice as much, at least. But, if my property was in Kihei, I would be paying less than half the property tax rate. So, my property tax rate is more than double. I'm in a residential neighborhood, the same residential neighborhood in Kihei is paying less than half.

So, I just am asking you, you did such great work looking at the tiered system for the zoning for residential, and perhaps, you know, as was brought up maybe we need it to be a different classification as rural and look at tiering those rates, because we really are residential properties out here in rural Maui. And again, I encourage you to look at the zoning map and see, these are residential properties.

VICE-CHAIR RAWLINS-FERNANDEZ: Ms. Ellingson, we don't have the residential classification anymore, it's Owner-Occupied or Non Owner Occupied and so we don't have residential anymore. So, you would be Owner-Occupied or Non Owner Occupied. And you said you live in your house, so, you would qualify for the lower rate and your valuation which is the second part of how you determine your property tax is lower than if it was in South Maui, as you've stated. But if you're talking about getting an exemption for ag use on your property, then that doesn't have anything to do with the rates itself.

Have you, have you talked to the Real Property Tax Administrator?

MS. ELLINGSON: I have not. But unless I'm really misinterpreting my, my latest assessment, which, you know, is a year behind, so it's not until next year that it takes effect. I don't see that change.

VICE-CHAIR RAWLINS-FERNANDEZ: Okay, Ms. Martin is so awesome, I would really encourage you to call her office and that way she can kind of help walk you through the new tax structure and classifications to understand how your property tax was determined and then if you have any questions or the appeal date passed already but, yeah I'm hoping, you know, you can call her office, the Real Property Tax Division and then she can help you.

MS. PALMER-ELLINGSON: Can I ask you, perhaps the same thing because my property tax rate, my new statement just received is $5.94. So according to the tiered system, you're saying that I should qualify for the tiered system based on my property value, it should be $2.51, so--

VICE-CHAIR RAWLINS-FERNANDEZ: Not based on your property value, based on you living in your, in your house and that's your property. So, you are Owner-Occupied in that property, and this is public testimony, so I don't want to go too much more into discussion, sorry. I'm happy to discuss this more with you, um, after.

MS. PALMER-ELLINGSON: Okay, let's do that.

VICE-CHAIR RAWLINS-FERNANDEZ: If you'd like, please contact my office.

MS. PALMER-ELLINGSON: Okay.

VICE-CHAIR RAWLINS-FERNANDEZ: You can call 553-3888.

MS. PALMER-ELLINGSON: Okay. Thank you.

VICE-CHAIR RAWLINS-FERNANDEZ: You know, and we'll help you. Okay. Mahalo, Chair. Mahalo, Ms. Ellingson.

CHAIR LEE: Member Molina.

COUNCILMEMBER MOLINA: Thank you, Chair. Good morning, Darla. Thanks for testifying. So, you're paying the ag tax rate, right, that $5.94 and then what you want is basically pay the single family rate, home rate, or tier, I should say tier right, for residential rate of $2.61 so, and you mention that you have not gone before the Real Property Tax Board to appeal at this point.

MS. PALMER-ELLINGSON: No.

COUNCILMEMBER MOLINA: Just trying to get clarification.

MS. PALMER-ELLINGSON: Yeah.

COUNCILMEMBER MOLINA: Okay.

MS. PALMER-ELLINGSON: Okay.

COUNCILMEMBER MOLINA: I'm correct, right in making that--

MS. PALMER-ELLINGSON: Yes. I am paying tax at the, at the ag rate.

COUNCILMEMBER MOLINA: --you'd like the Owner-Occupied rates.

MS. PALMER-ELLINGSON: Yes.

COUNCILMEMBER MOLINA: Okay, just out of curiosity, how much was your taxes based on the ag rate?

MS. PALMER-ELLINGSON: Um, it's $5.94 is the rate.

COUNCILMEMBER MOLINA: Okay, I was going to ask you what's the total amount of taxes you have to pay on that, but that's okay you don't need to share that if you don't want to.

MS. PALMER-ELLINGSON: . . . off the top of my head. It's a lot.

COUNCILMEMBER MOLINA: In getting the Owner-Occupied rate you pay, probably pay half of that.

MS. PALMER-ELLINGSON: It would be less than half. Yup.

COUNCILMEMBER MOLINA: Okay. Thank you. Thank you, Madam Chair.

CHAIR LEE: Okay, Darla, this is your lucky day cause there's only two testifiers. Otherwise we would have to have stopped testimony, discussion a long time ago. But I have a quick question for you, do you have a homeowner's exemption?

MS. PALMER-ELLINGSON: Yes.

CHAIR LEE: You do? I'm surprised that you're not being taxed for the agricultural portion and for the owner-occupant portion. So as the Vice-Chair recommended, please call Marcy Martin at the tax office and I'm sure she can help you in a very quickly and very efficiently, she's very good.

Did we have another question, Member Paltin? Yes, Member Paltin.

COUNCILMEMBER PALTIN: Oh, I just, um, I looked it up on the real property tax website it does say Owner-Occupied, so good.

CHAIR LEE: Okay. Any more questions, Members? If not, good luck Darla. Thank you for testifying this morning.

Mr. Clerk.

DEPUTY COUNTY CLERK: The next person we have signed up to testify is Thomas Croly, to be followed by Pamela Tumpap.

<u>MR. THOMAS CROLY</u>:

Aloha, Councilmembers. Thomas Croly, testifying on my own behalf here. The last testifier, I think was mis, confused about the tax classification that will apply to her. It sounds like the homeowner classification will or not, the Owner-Occupied will apply, and she will be paying the $2 and whatever cents rate, so her mind should be put at ease after all that.

I follow your discussions quite closely. I was very, very disappointed this year that you didn't have a full presentation of the real property tax department's report that they do. I think the more that the Council and the public can understand about what's in that report, about where the taxes come from, about how the assessments are made, you wouldn't have the questions like you just did in previous testimony. And I think everyone would understand a little bit better about where the revenues that the Council has budgeted comes from, and you guys know they come from the short-term rentals.

I was very, um, happy when, when you were going to look at the tax system in general. But you really never got into the concerns that I had a couple years ago when you, when you reset the tax system. And I want to point out something right now that relates to rates and, and what you're doing today, that was something I hoped would be addressed.

Is everyone familiar with Keawekapu Beach? Along Keawekapu Beach there is a hotel, I don't want to name the hotel, because I don't want to be specific, but there is one hotel. That hotel for the purposes of the real property tax falls into the Short-Term Rental category because they don't have 40 or more employees, but they do have 88 rooms. That hotel based on the rates that you have set is going to pay $111,119 in property tax this year.

There's also one short-term rental in, someone who got a permit to do a short-term rental, that short-term rental has five bedrooms. That short-term rental is going to pay $138,875. So, the five-bedroom short-term rental is going to pay way more tax than the 88-room hotel. Okay, and that's kind of one of the things I wanted to, to make sure that you can understand.

Right next door to that 88-room hotel is a condominium that is a Short-Term Rental classification and it has 40-units. Now those 40-units are two-bedroom units, so it's actually about the same size as the hotel next door. In total, those 40 owners are going to pay $622,160 in tax. So, here you have three properties at Keawekapu Beach, one with the impact of five-bedrooms short-term rentals, one with the impart with 40 condos, and one with the impact of 88 rooms and those are the differences in the real property tax--

CHAIR LEE: Okay, Tom. Tom, can you take a minute to conclude, please?

MR. CROLY: Yes, I, I will. $111,000 for the hotel, hotel, $138,000 for the five-bedroom short-term rental, and $622,000 for the condo in the same situation. That kind of disparity, I don't know if that's what was intended, but, but, and you can't fix it today with rates, but, but, we should look at that if we're trying to set rates according to impacts and so forth. We should take a look at why the current structure is setup that way.

One more point that I want to make is all of the hotel's assessments were reduced this year by 22 percent. I don't know why that was done. I served as Chair of the, of the Board of Appeals last year, I can give you no reason for why the values of the hotels were reduced by 22 percent, but the short-term rentals weren't reduced by 22 percent. So the net, net of your tax rate today is the hotel is going to get a much lower tax bill than they paid. Thank you, Chair.

CHAIR LEE: Thank you, Tom. Questions for Tom? Mr. Croly. If not, thank you very much Tom. Appreciate you--

MR. CROLY: Okay. Good luck.

CHAIR LEE: --coming by. Thank you.

Mr. Clerk, next testifier.

DEPUTY COUNTY CLERK: The last person we have signed up to testify is Pamela Tumpap. If there is anyone else in the meeting who has not testified but wishes to do so, please notify us in the meeting chat now. Thank you.

Pamela Tumpap.

MS. PAMELA TUMPAP:

Aloha and ni hao, Chair Lee, Vice-Chair Rawlins Fernandez and Members of the Maui County Council.

I'm Pamela Tumpap, President of the Maui Chamber of Commerce and advocacy is one of my many duties. We deeply appreciate the work you did this year on the real property tax structure. We strongly support the Council's decision to leave several of the classifications like Commercial, Industrial, Agriculture, Apartment, Conservation and Commercialized Residential the same. For businesses who have faced extreme losses over the last year and are trying to bring back their employees, this is hugely important to them.

We also appreciate that you looked at ways to further support affordable housing and rentals and looked at the Non Owner Occupied classification with higher rates at the highest tier. We also appreciate Member Paltin letting us know that the rate tiers can be different for classifications and we feel that this should be further explored in future years. We do stand by our previous testimony to look at increasing the lowest tier for Owner-Occupied to $1 million given that we are now, over several months have seen the median home prices at $980,000. And we just feel this measure and others gives us better flexibility for protecting full-time residents. We also ask, looking at the tier structure in future years be further explored with differential rates. Additionally, we also feel a tax credit for verified full-time residents with proof of residency would be another great tool to help differentiate between categories.

Lastly, we are concerned by the increase to the Hotel and Resort classification. The highest tier, higher than the highest tier for Non Owner Occupied. This was the largest increase. As you know, the hotels and resorts were some of the hardest hit businesses in 2020. Several of the areas for this industry have been targeted to eliminate funding like the Maui Visitor's Bureau budget. We've got a moratorium that's being explored, as well as bills at the State Legislature to decrease HTA's budget. So, we're very concerned about that industry being hit on many levels as we're trying to bring it back and bring it back in a new form, as we're trying to look at how we can bring in less visitors but those who are more aligned with our culture and values. So, we're excited to see that, but we need support. They're trying to help us shore up our economy and we need them to do that because they bring back a lot of jobs. So, we ask that you consider lowering the rates for Hotel/Resorts classifications.

And other than that, we again just want to thank you for the tremendous work you've done, we appreciate the opportunity to provide testimony on the proposed real property tax rates.

CHAIR LEE: Thank you, Ms. Tumpap. Are there any questions? No questions, thank you again.

MS. TUMPAP: Thank you. Aloha.

CHAIR LEE: Aloha. Mr. Clerk.

DEPUTY COUNTY CLERK: Chair, we do not have any other testifiers noted. If an individual connected to the meeting has not testified but would like to do so, please unmute and identify yourself now. This is our last call for testifiers. Please unmute yourself and indicate that you wish to testify.

Chair, no one else has indicated that they wish to testify, and we have received written testimony.

CHAIR LEE: Members are there any objections to receiving written testimony into the record and to closing public testimony?

MEMBERS VOICED NO OBJECTION.

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

1. Pamela Tumpap, Maui Chamber of Commerce;
2. Syl Cabral;
3. Michael Gronemeyer; and
4. Susan Sipe.

CHAIR LEE: So ordered.

Mr. Clerk, do we have any further business?

DEPUTY COUNTY CLERK: Yes, Chair. Proceeding with the resolution.

RESOLUTION

RESOLUTION
NO. 21-83

ADOPTING THE REAL PROPERTY TAX RATES
FOR THE COUNTY OF MAUI,
EFFECTIVE JULY 1, 2021

CHAIR LEE: Vice-Chair Rawlins-Fernandez.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair.

I MOVE TO ADOPT THE PROPOSED RESOLUTION ENTITLED "ADOPTING THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI, EFFECTIVE JULY 1, 2021".

COUNCILMEMBER PALTIN:

SECOND.

CHAIR LEE: Moved by Vice-Chair Rawlins-Fernandez, seconded by Councilmember Tamara Paltin to adopt the tax resolution.

Vice-Chair Rawlins-Fernandez, for discussion.

VICE-CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair.

Members, as a reminder the vote today is to approve or disapprove the real property tax rates that were posted for the public hearings. We are unable to amend the rates as they are listed. To summarize, your Committee's recommendations for the real property tax changes for Fiscal Year 22:

Owner-Occupied

Tier 1:	up to $800,000	from $2.51 to $2.41 as also proposed by the Mayor
Tier 2:	$800,001 to $1,500,000	from $2.56 to $2.51 also proposed by the Mayor
Tier 3:	Up to $1,500,000	from $2.61 to $2.71

Non-Owner Occupied

Tier 1:	up to $800,000	remaining flat at $5.45
Tier 2:	$800,001 to $1,500,000	again flat at $6.05
Tier 3:	Up to $1,500,000	from $6.90 to $8.00

Apartment	remained flat at $5.55
Hotel and Resort	from $10.07 to $11.75
Time Share	from $14.40 to $14.60
Short-Term Rental	
Tier 1: up to $800,000	from $11.08 to $11.11
Tier 2: $800,001 to $1,500,000	from $11.08 to $11.15
Tier 3: $1,500,001 and above	from $11.08 to $11.20

And the following remaining flat from the current rates:

Agricultural	at $5.94
Conservation	at $6.43
Commercial	at $6.29
Industrial	at $7.20
Commercialized Residential	remaining at $4.40

If the Members again, the BFED Committee Members were working so hard, late into the night to come up with some kind of compromise and middle ground on determining these rates together. The Members worked really hard Chair, and I'm proud to support this resolution today and ask for the Members continued support. Mahalo.

CHAIR LEE: Thank you, Vice-Chair. Any more discussion? Members.

If not, all those in favor of the motion, raise your hand and say "aye". Okay, one, two, Ms. Sugimura did you have your hand up? Okay. Alright.

AYES: COUNCILMEMBERS JOHNSON, KING, MOLINA, PALTIN, SINENCI, SUGIMURA, AND VICE-CHAIR RAWLINS-FERNANDEZ.

NOES: CHAIR LEE.

EXCUSED: COUNCILMEMBER KAMA.

CHAIR LEE: Motion carries with eight or seven "ayes"; and one "no", me; and one "excused". Okay. Motion carries. Congratulations.

Alright. Mr. Clerk.

DEPUTY COUNTY CLERK: Chair, there is no further business before the Council. But, real quick, I would like to double check with the staff on the resolution number just so I can announce it for the record.

CHAIR LEE: Alright. Members, I can't believe that this is going so quickly. Why can't we have all of our meetings move like this, oh, how wonderful.

COUNCILMEMBER KING: Chair, did we close testimony?

CHAIR LEE: We did. We're just waiting for the resolution number.

COUNCILMEMBER PALTIN: I got a game plan for you guys next week, just for shadowing.

CHAIR LEE: Oh, okay.

Yes. Mr. Clerk.

DEPUTY COUNTY CLERK: Apologies, Chair. For the record, that's Resolution 21-83.

CHAIR LEE: 21--

DEPUTY COUNTY CLERK: 21-83.

CHAIR LEE: --83. Okay, that covers the, what was on the agenda for our public hearing today. Ms. Paltin, did you have something to say about the meeting.

COUNCILMEMBER PALTIN: Oh, yeah. PSLU, if you guys want to pre-study or anything there is a game, but it's mostly just bragging rights prizes cause we don't want to get into trouble with the Board of Ethics.

CHAIR LEE: Okay, I dunno anything, what you said. I don't understand what you said, but that's fine.

Any more final parting comments anybody? Anyone? If not, this meeting is adjourned.

ADJOURNMENT

The public hearing of *APRIL 28, 2021,* was adjourned by the Chair on *MAY 14, 2020,* at 11:36 a.m.

Kathy L. Kaohu

KATHY KAOHU, COUNTY CLERK
COUNTY OF MAUI, STATE OF HAWAII

210428ph:dy:jm

MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

Testimony on FY22 Real Property Tax Rates
Wednesday, April 28, 2021

Dear Chair Lee, Vice-Chair Rawlins-Fernandez and
Members of the Maui County Council,

We are in a very challenging time, with residents and businesses who have seen extreme losses over the past year. Many businesses are still dealing with past due commercial rent or mortgage payments, paying back loans or credit card debt, while trying to bring back as many of their employees as possible.

The COVID-19 pandemic also exacerbated known community issues and exemplified the need for sustaining our visitor industry (as we revamp and renew the industry), support for agriculture, invest in economic development (given our high reliance on the visitor industry), and solve our affordable housing and rentals crisis. Given this, we need to look at increased investment in these areas with all contributing to efforts that benefit our entire county and create a better tomorrow for future generations.

For the Owner-Occupied classification, last year the Tier 1 valuation went up to $800,000, but we would prefer to see that increased to $1,000,000 to include more residents due the rising median home prices (up to $980,000 this year) to include as many local residents as possible in Tier 1 to keep their taxes affordable. We feel that more support can be gained for affordable housing and rentals from the Non-Owner Occupied classification through increased rates, as has also been suggested by Hawaiian Community Assets, and more narrow valuation ranges.

Additionally, while the business community has suffered as shared, we understand the importance of contributing to key priorities and are not asking for a reduction despite our great needs. Instead, we are strongly asking that rates remain level in the Apartment, Commercial, Industrial, Agricultural, Conservation, Hotel and Resort, Timeshare, and Commercialized Residential classifications.

Lastly, as Short-Term Rentals were all one rate last year, we appreciate the use of the tiered system this year and the Mayor's proposed rates of $10.70 for Tier 1 up to $11.00 for Tier 3. The Tier 1 rate is consistent with the Hotel and Resort classification, and his proposal slightly decreases the Short-Term Rental rates in all tiers.

We appreciate the opportunity to provide testimony.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

62 North Market Street, Suite 302, Wailuku, Hawaii 96793 808-244-0081 legislation@MauiChamber.com MauiChamber.com

MAUI CHAMBER OF COMMERCE (MCOC) REAL PROPERTY TAX RECOMMENDATIONS BY RATE CLASSIFICATIONS

Classification	FY21 Rates	FY22 Mayor Proposed	FY22 Council Ranges	Notes	Chamber Position	Council Rate Tier Proposals
Residential (end)						
Non Owner Occupied <$800,000	$5.45	$5.45	$4.40-6.60	Mayor No Inc.; Council is considering lowering it*	Higher to Raise $ for Affordable Housing, Also Recommended by Hawaiian Community Assets	>$600,000-$1,000,000
Non Owner Occupied $800,001-$1,500,000	$6.05	$6.05	$4.60-7.20	Mayor No Inc.; Council is considering lowering it*	Higher to Raise $ for Affordable Housing, Also Recommended by Hawaiian Community Assets	Starting Pt. to $1.5 - $2.5M
Non Owner Occupied >$1,500,000	$6.90	$7.50	$5.50-10.00	Mayor Inc. By 9%; Council is considering lowering it*	Support Mayor's Inc., Higher Also Recommended by Hawaiian Community Assets	Starting Pt. up to >$ 2.5
Owner Occupied <$800,000	$2.51	$2.51	$1.66-2.61	Mayor Dec. By 4%, Support Current Rate (See Below)	Changing Real Estate Market is Rapidly Changing Valuations & Hurting Local Home Owners;	>$600,000-$800,000
Owner Occupied $800,001-$1,500,000	$2.56	$2.56	$1.66-2.90	Mayor Dec. By 2%, Support Current Rate (See Below)	Suggest Changing Owner Occupied Classification Tiers (See Below) and/or Provide Tax Credits	Starting Pt. to $1.5 - $2.5M
Owner Occupied >$1,500,000	$2.61	$2.61	$1.66-4.50	Support Inc. to $2.81 with Tier Change (See Below)	For Verified Full-Time Residents	Starting Pt. up to >$ 2.5
Apartment	$5.55	$5.55	$5.00-7.45	Level	Level, No Increase	
Commercial <$800,000	$6.29	$6.29	$5.60-7.29	Council seems to want to keep one rate; with smaller	Level, No Increase or If Decreased, Decreased for All Business Classifications	
Commercial $800,001-$1,500,000	$6.29	$6.29		businesses paying the same rate as larger businesses.		
Commercial >$1,500,000	$6.29	$6.29				
Industrial	$7.20	$7.20	$7.00-7.48	Mayor No Inc.	Level, No Increase or If Decreased, Decreased for All Business Classifications	
Agricultural	$5.94	$5.94	$4.66-5.94	Mayor No Inc.	Level, No Increase or If Decreased, Decreased for All Business Classifications	
Conservation	$6.43	$6.43	$4.80-6.43	Mayor No Inc.	Level, No Increase	
Hotel & Resort	$10.70	$10.70	$9.37-16.41	Mayor No Inc., Council P. Rate $11.75	Level, No Increase or If Decreased, Decreased for All Business Classifications	
Time Share	$14.40	$14.40	$14.40-16.41	Mayor No Inc., Council P. Rate $14.60	Level, No Increase or If Decreased, Decreased for All Business Classifications	
Short Term Rental <$800,000	$11.08	$10.70	$10.00-16.41	2021 One Rate, Mayor Dec. 3%, Council P. Rate $11.11	Support 3 Rate Classification Tiers within Short Term Rental and Mayor's Proposed Rates,	>$600,000-$800,000
Short Term Rental $800,001-$1,500,000	$11.08	$10.85	$11.00-16.41	2021 One Rate, Mayor Dec. 3%, Council P. Rate $11.15	Starting at the Hotel & Resort Rate	Starting Pt. to $1.5 - $2.5M
Short Term Rental >$1,500,000	$11.08	$11.00	$11.00-16.41	2021 One Rate, Mayor Dec. 3%, Council P. Rate $11.20		Starting Pt. up to >$ 2.5
Homeowner (end)						
Commercialized Residential	$4.40	$4.40	$3.35-4.60	Mayor No Inc.	Level, No Increase or If Decreased, Decreased for All Business Classifications	

RECOMMENDED OWNER OCCUPIED RATE CATEGORIES:

AMENDED CLASSIFICATIONS	RATE
<$1,000,000	$ 2.51
$1,000,0001 - $2,000,000	$ 2.56
>$2,000,00	$ 2.81

*Council has ranges for all rate classifications for consideration, but the lower range for the Non Owner Occupied classifications concerned us.

Recognizes that Owner Occupied property values are rising and gives them more range in the tiers.

For Tax Credits for Verified Full-Time Owners, Proof of Residency Could Be Done Like the DMV Model (2 years of Mortgage or Rent Payments, Utility Bills, etc)

Testimony for property tax hearing 4/ 28, 6 PM Maui County – submitted by Genesis S. Young MD of Kihei requesting real property tax rates of $16.41/1000 on hotel and resort, timeshare, short-term rental.

Sustainable tourism quality over quantity passes February 5, 2021

March 23, 2021 170 bed new hotel authorized by the planning commission!

April 11, 2021 residents hold protest gathering because of over tourism on Wailea beach!

It is apparent more needs to be done to have sustainable tourism and decrease our tourist numbers.

Decrease the tourist numbers – how?

Cannot simply stop them coming.

Cannot effectively stop new construction and that wouldn't decrease the number of rooms we have available now.

Hotels and the visitor industry have said repeatedly **if you raise the property taxes that will decrease the number of tourists**. We need to raise the property taxes on hotels and all visitor accommodation.

It takes courage to raise the property taxes to $16.41

It is to the advantage of the visitor accommodation industry to raise the taxes so they raise the room prices and have fewer tourists but higher-quality tourism. Profits will probably increase.

It takes more courage not to raise the property taxes as it is in everyone's best interest. THEREFORE-

Raise property taxes =

Hotel rates go up =

Fewer higher-quality tourists =

Better quality for the tourists who come =

Maintained or improved profits for the visitor industry =

Better quality of life for the residents =

Better for the environment, for maintenance and regeneration, and resultant increased quality =

<u>More money for the County to put towards environmental restoration and affordable housing and other needed projects that will also benefit the visitor industry.!!</u>

It only takes understanding of the issue to actually raise the property taxes to a higher level.

We only need to help the visitor industry see how this is in their best interest.

The visitor industry does not seem to be willing to do this themselves.

The planning commission does not seem to be willing to follow the guidance of the sustainable tourism resolution as a way to try to and work on a long-term plan for our county.

I see this as the only solution available that can immediately and effectively decrease our tourist numbers while giving us all of the benefits as outlined above.

And **our visitor accommodation property taxes are the lowest of any County in the state of Hawaii!**

There is no downside, it just seems bad to raise property taxes. Let's do this.

Genesis S. Young MD

Possible Hotel Impact

Hyatt Andaz Maui is part of a recent sale to Marriott and the article describes the sale at $700,000 per room and Andaz has 310 rooms making the sale value $210,700,000.

So if we raised taxes $1/$1000 of value that would be $210,700 increased tax per year

if we raised taxes $5/$1000 of value then that would be $1,053,500. per year.

If they raised the price on the rooms an average of $50 a night on 310 rooms they would increase income $15,500 per day which amounts to $5,657,500 per year at 100% or $4,526,000 per year at 80% occupancy. Room rates run from $729 a night to over $3000 a night depending on the time of year it's higher(that was a quote for May 22 this year).

It is **clear that even a $5 raise in tax rates would be easily accommodated by a $50 a night** average room rate increase which would give them at least $4 million extra per year and lots of room for more profit rather than less and even this would not decrease the number of tourists enough, possibly. Please note that Hyatt hotels profit was 2.07 billion for 2020 which is down from last year but still represents an enormous profit. I totally believe the hotels can tolerate this tax easily and it helps them as well by the county having more money for the environment and affordable housing for the hotel staff as well as quality over quantity – sustainable tourism sustainable tourism.

In order to try to decrease the tourists and help the tourist industry as well as our island residents and our environment we need to raise the property taxes to $16.41 and I only limited it to this because that's the limit that has been put on it for this hearing and I am not sure how you got that limit. I hope this would be enough to see some decrease in tourists and it may not be as we will see. Now is the time to readjust our point of view and our mindset about what our island is worth because you have to pay for what you're getting and this is a premier place to come and we need to raise our prices to have quality over quantity of tourists. We need to make it continue to be worth what they're paying by better stewarding the environment for the residents and the environment. We do this by having more money to put back into the environment and having fewer tourists to maintain a quality experience for everyone.

Please also consider lowering property rates for owner occupied homes given the pandemic stress on individuals living here but not on second homes which would be non-owner-occupied and specifically lower them on conservation category to below five dollars for that category.

--- more in detail below

Sustainable tourism quality over quantity

This resolution passed unanimously at the County Council meeting on Feb 5, 2021

We have a problem with over tourism; we had a brief respite from too many tourists during the ongoing pandemic and now that the tourists are coming back it is obvious to all who live here how much they impact the resident quality of life. In 2019 we had tourists that numbered 42.7% of the population of Maui County and the Maui County community plan indicates that we should have no more than 25% tourist to resident ratio.

There is a natural tourist cycle where we build the tourism and keep attracting tourists until such point as there are too many tourists and then experience for the tourists is degraded and the quality of the environment the tourists are coming to enjoy degenerates. We are there now in order to sustain tourism for our economy and for the quality of life of the residents and the quality of the experience for the tourists we must decrease the tourist numbers.

Our environment is stressed with reef destruction and reef fish and marine life reduction.

Our roads cannot handle the volume of tourists seen in 2019 as evidenced by the long waits to go to Lahaina and similarly to get in & out of Kihei at rush hour, as we have all experienced.

We have multiple injection wells trying to handle our sewage which is overcapacity and our oceans are unclean from the partially treated sewage that is going into our ocean from these injection wells as the EPA has told us (injection wells in porous ground don't do the job they would do in nonporous ground and should never have been built on a volcanic island).

We are stressing all of our infrastructure including drinking water and food supply and energy. We are contributing to climate change given the numbers of people who come here by planes which are a major problem for carbon emissions and our visitor industry does not contribute enough to becoming net zero or even net positive.

So the Sustainable tourism resolution passed at the county meeting on Feb 5, 2021.

Then on March 23, 2021 the planning commission went ahead and okayed a new 170 bed hotel in South Kihei saying this would not be much of an impact and this wouldn't affect traffic in a substantial way and over the objections of many of the citizens in the area during an all day meeting. They paid lip service to the resolution that asked for us to decrease tourist numbers and went ahead and increased our tourist numbers by allowing more visitor accomodations.

How do we get the tourist numbers down? We can try to restrict building more visitor accommodation but the planning commission is not in support apparently. And we can't restrict all new construction of visitor accommodation or if we could it would be only for a limited time and therefore a woefully inadequate long-term solution. And we can't decrease the number of rooms currently available easily now and clearly there are already too many available.

So how do we get tourist numbers down? Can we just cap the number of tourists to come to our island and our county? No that's not possible as this is a country dedicated to freedom even though we are exceeding our carrying capacity in almost every way.

So how do we get our tourist numbers down before there is no Aloha left because the residents are so sick of the tourists overrunning our place where we live? This is the big question.

The visitor industry and the hotels have been saying don't raise our property taxes and the reason they give for this is it will decrease the number of tourists. So a light bulb goes on in me and says "that's the answer" let's raise the property rates and then the hotels will raise their room rates and we will have fewer tourists and a higher quality experience for those tourists.

You may say that's restricting access but we are destroying the climate, we're destroying our environment and destroying the quality of life for residents and I see no other way to restore and regenerate and sustain us. We need to have higher room rates so we have lower numbers of tourists and then the increased money that is generated by these increased taxes should be used to provide affordable housing and environmental regeneration and repair.

We have insufficient affordable housing for staff, for the number of rooms available on the island in hotels let alone all of the other visitor accommodations. Services are required for a five star hotel and studies indicate that 20 staff per room are needed to maintain that level of service in the hotel and that means that the 4700 approximate affordable housing units would not even begin to house the workers for even 5% of the hotels we currently have on island. The hotels have a responsibility to help with the housing of the people who are working in their hotels and to ensure the quality of life for the residents and to ensure the environment is maintained.

Here is more data FYI-As of 2019, there were 21,367 Lodging units on Maui. Hotel rooms comprised 34.5% of that. Meaning ~7,372 hotel rooms. Over 82% of all lodging units were listed as luxury or deluxe, meaning there were ~6,045 luxury/deluxe hotel rooms. If it takes 20 employees on avg per luxury room, that means we need ~120,900 affordable units to house those workers. According to Affordable Housing website, there are ~4,703 affordable / income based / low income subsidized units currently on Maui, but they do not outline how many rooms per unit.

This is in the visitor accommodation industry's best interest- if you want to have tourists continue to come to Maui you must sustain and regenerate the environment. The visitor industry has been marketing without producing and providing sustainability for this industry. We must decrease the tourist numbers for the visitor industry and for the residents' quality of life and the environment.

I urge the County Council to raise all visitor accommodation property rates to the maximum possible, which would be on your schedule $16.41 per thousand dollars of taxable property. It takes courage to raise property taxes because people don't want that and many people are just in general opposed to property taxes being elevated, however this is the best way, and I don't actually see another way to decrease the numbers of tourists- to sustain the visitor accommodation industry and our quality of life and our environment. When you look at it and examine it this way it takes courage not to raise the property taxes as much as possible, to get those room rates up, to decrease the number of tourists and to give all of us the best experience and to maintain our industry well into the future. Mahalo.

Below are quotes from the visitor industry that indicate that raising taxes will decrease visitor numbers potentially. I have the articles from which these quotes were taken if needed. There is no doubt in my mind that we do not need to market Maui or Hawaii as a tourist destination and that increasing prices will not prevent people coming here and will probably decrease the tourist numbers and probably less than the tourist industry would like to think and they will make more money by having higher prices and can be even more profitable. I believe Maui is the premier destination for tourists from all over the world as there's no place as beautiful and accommodating and sought after as Maui County. The bottom line is the numbers of tourists we have now are not sustainable and will cause a loss in the tourists coming here if we don't address it.!

We think the per-day tax could hurt tourism and damage further investment by transient accommodation owners into Hawaii's properties.

Chamber of Commerce Hawaii (February 28, 2017)

An impact study should also be performed on the tourism industry to determine the price point where tourism volume is negatively impacted by additional surcharges.

Neal Halstead, Rental by Owner Awareness Association (February 28, 2017)

In regards to the tax on visitor accommodations, we believe there should not be another tax in addition to the transient accommodation tax that is already in place and considerable. This could greatly harm our visitor industry that has to compete with locations around the world and could Hawaii visitors to other markets.

Maui Chamber of Commerce (February 28, 2017)

Keeping our costs level is critical to our ability to compete against other sun destinations, especially now when we are seeing an increased amount of competition with new resort locations and other destinations'
deeply discounted air/hotel packages

Maui Hotel & Lodging Association (February 28, 2017)

We think the per-day tax could hurt tourism and damage further investment by transient accommodation owners into Hawaii's properties.

Building Industry Association -- Hawaii (February 28, 2017)

As such, additional targeted fees or taxes on our visitor accommodations has the potential to drag down our tourism market momentum and inhibit Hawaii's continued cost-competitiveness as a sought-after tropical destination.

American Resort Development Association (February 28, 2017)

County Clerk

From: David Litman <david@teranjy.org>
Sent: Tuesday, April 27, 2021 9:15 AM
To: County Clerk
Subject: Testimony for meeting agenda item: THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2021 TO JUNE 30, 2022

Dear Council Members,

Recently the council adopted a resolution to move to a more ecologically sound approach to tourism on Maui. They saw the wisdom in reducing the number of tourists on island and diversifying our economy, since too many people continuing to strain our resources will "kill the goose that lays the golden eggs", ruining our environment and the reasons tourists come here in the first place.

But how to achieve this? One very simple and easy way is to raise property taxes on hotels to the maximum allowable. This will result in raised prices for rooms, which will help accomplish the goals of less tourists coming. The resulting revenues can be used to further fund programs to better the life of residents and further support eco-tourism.

So, I implore you to support your resolution, raise property taxes, and improve the quality of life for all residents and visitors.

Mahalo,

David Litman
Teran James Young Foundation
Director: Programs and Training,
Hale Pono Youth Shelter
(808) 866-0833 Work
(808) 250-5576 Mobile

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www.teranjy.org

TJYF

Testimony to the Maui County Council

April 28, 2021

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OFFICE OF THE
COUNTY CLERK

Dear Council Chair Lee and members,

I am Stan Franco and I speak for myself. I want to thank you for the many hours you have spent to create the County budget for 2021-22 to address the needs of our people. Housing is a huge public need and in your budget discussions last Friday, you were deadlocked on funds to set aside for the implementation of the Comprehensive Affordable Housing Plan. Member Gabe Johnson has suggested $20 million to be set aside.

I think that this is a reasonable amount because, from my understanding of how developers work (I have several of them on the Stand Up Maui Affordable Housing Committee and Board), the first step is to have a concept of a project and to find the land to make that concept real. Then comes the design, the planning process, government approval, and then the developer is ready to put a shovel into the ground. Every step in this effort will require money.

In the past, we have been totally dependent on a developer to bring the County shovel ready projects with a certain percentage of them - affordable homes. However, developers have not created an adequate amount of these homes for the incomes our people can afford to buy or rent.

Now, we, the people of Maui County, must conclude that the County of Maui needs to be the developer to assure that homes, which are built, will be at the incomes our people earn, be restricted for them and be affordable long term.

Tonight, you will be tasked to determine how much will be needed to pay for all the work of the County of Maui in the next fiscal year. You will do that by deciding on the real property tax rates in the different categories. Because the pandemic and its impact on our people, you will try to make sure that our local property owners do not have substantial increases and I agree that they should be protected (self-disclosure, I am one of them). I believe that property owners that are from outside of Maui should pay more to help the local people find the homes to stay here. Whether those property owners are in categories, Non Owner Occupied, Hotel and Resort, Time Share or Short-Term Rental, I trust that you make the right decision.

I believe that the County of Maui has to have money available to purchase land (if not already owned) and to hire a land developer to do all the planning aspects before a project is shovel ready. I agree with you that it is a very difficult decision to raise real property rates during these pandemic times. However, our real estate market values are still increasing, outsiders are buying most properties being sold, and it gets harder and harder each day for our local people to rent or buy in Maui County. We want to stay here, but we "no can stay". So, I ask you to set aside $20 million dollars into the Affordable Housing Fund to make the soon-to-be-released Comprehensive Affordable Housing Plan a reality for our people.

Thank you again for all the many hours you have spent making difficult decisions to raise the money necessary to do the work of the people of Maui County. Aloha.

County Clerk

From: Suzie Dorn <suziedorn@gmail.com>
Sent: Wednesday, April 28, 2021 7:17 AM
To: County Clerk
Cc: Gabe Johnson; Autumn R. Ness
Subject: I SUPPORT a property tax increase on Investment properties and second homes on Maui

THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2021 TO JUNE 30, 2022
I SUPPORT a property tax increase on Investment properties and second homes on Maui
In 2020 the average home price on Maui rose 13.1% to $1.2 million and condos averaged $870,000 a 24.5% increase

Many of these investment homes are second vacation homes and sit empty for months and months or are now being rented to remote workers that have chosen to ride out the pandemic on Maui.

The problem with the remote workers from other states is that there is no contribution to our State income tax system at all, but there is a big use of our roads, beach parks, and other amenities. An increase in property tax is one of the only ways to generate any income for our island.

Also, With a new long term rental classification beginning in 2022 any homeowner including an investment property or a second home (with off island owners) that has a 12 month rental contract/lease can now qualify for a $200,000 long term rental exemption. This exemption can also apply if one person also owns multiple homes, so we may now actually see a decrease in our property tax revenue.

I have met many tourists who purchase homes on Maui because of our low property taxes, a google search this morning confirmed this and showed Hawaii with the lowest property tax in the nation. How can this be??
https://wallethub.com/edu/states-with-the-highest-and-lowest-property-taxes/11585

I was reading a profile online about a new Wailea Housing proposal and this is what is said; (2, 3, and 4 bedroom) with the homes being targeted to "well-heeled buyers to establish a home away from home" the profile also refers to the MF7 project in Wailea which has sold over $60 million in product during the quarantine period. The sales team also brags about selling 30% of homes at Makali'i at Wailea through facetime calls, site unseen with units starting at 1.7 million.

Just yesterday at a planning meeting for the SF Wailea development a planning commissioner asked Frank Pikrone (the Head of the Wailea Resort Association) how many workforce Homes were in Wailea? And he answered "zero". We need to ask ourselves, why are homes and condos being given affordable property tax rates (the lowest in the Nation) if they are not being sold at an affordable price or for workforce housing?
While Maui locals are being faced with evictions and foreclosures dozens if not hundreds of million dollar second homes are being sold to mainlanders. We should have the highest property taxes on these luxury and second homes/condos.

I do know many local hard working families who do have second homes, (mostly rented or allowing their kids/extended family to live in for free) so I do think we need some protection for these situations, where we have actual local families renting to locals, maybe a tier system based on how long they have owned the property/or lived on Maui? In closing I support an increase in property tax on investment and second homes on Maui.

Thank you for hearing my testimony,

Suzanne Dorn
808-283-7913

County Clerk

From: Farmers Voice Hawaii <mauifaith@gmail.com>
Sent: Wednesday, April 28, 2021 8:21 PM
To: Alice L. Lee; Keani N. Rawlins; Gabe Johnson; Kelly King; Mike J. Molina; Tamara A. Paltin; Shane M. Sinenci; Yukilei Sugimura; County Clerk
Subject: Maui County Council April 28, 2021 – Faith Chase testimony

Aloha Maui County Councilmembers,

I am in favor for the increases in tax Investment properties and short term rentals, hotels and second homes.

I am in absolute agreement with the testifier Leinaala Vedder. When property owners can show they have a continuum of tenancy through Land Commission Awards, there should be a considered specific bracket that supports those lineal descendants.

Protect those aboriginal Hawaiians in this fashion and they will provide the data to prove they are worthy of consideration. They can prove their tenancy and will not be a burden on the County administration because these property owners will benefit. They will meet you in the middle with that work AND if it is foreseen that there will admin work that might be burdensome, I don't doubt for a moment that a non profit will rise to do this work. I have no doubt that this will be figured out in near time. The issues surrounding LCAs, quiet titles, title insurance fraud are quickly coming to competent courts and finding long sought justice.

I think it's important to understand the mindset of those wanting to move here with investment in mind. When I travelled last year, I guess I appeared to be a tourist myself and those around me felt comfortable to speak loud and proud about moving to Maui and taking advantage of the real estate and flipping to the short term rental market. The next time you travel, I encourage you to go early and hang out in the airport restaurant and just listen to the attitudes of these new neighbors. It is appalling, it will make you palu.

I am always reluctant to raise ag property rates but I understand that the larger preset day, said, ag land owners do encompass acreage that would make a difference. I stand with testifier Dudoit in worrying about our smaller farmers and ranchers. Might you relook at an exemption for these important stakeholders that support our food security priorities.

There have been many desperate testimonies tonight such as: Where are we going to go? .... We're going down .... Please help .... We don't care about the tourists .... Lineal descendants are the landlords. I want this Council body to know that we have local families that come to one hale, they bathe, they eat and some family members retreat to three to four cars to sleep. I just want to leave you with that imagery. Earlier tonight in the Stand Up Maui housing group, our Maui situation was called a Crisis within a Crisis.

In closing, I support Councilmemebr Johnson's proposal for $20M t allocated for Affordable Housing. I feel like Councilmember Johnson is here to do the work, will be with us for a time block to continue this work. You also have an empowered community that will help you see this work through.

Additional comments based on testimonies:

I am strong agreement and mahalo to testifier Sarah Sexton, Until all aboriginal Hawaiians have secured housing, no one else should be considered accommodations.

With reference to Dudoit and Aiwohi, protect those who provide affordable housing by providing housing to HUD Section 8 renters.

Mahalo for listening to my thoughts on this important matter,

Faith Chase

COMMITTEE FOR MORE EQUITABLE TAXATION (COMET)
John Blumer-Buell and the late William Tavares, Co-Chairs
Post Office Box 787, Hana, Maui, 96713
blubu@hawaii.rr.com

April 26, 2021 (for April 27, 2021 Public Hearing)

County of Maui Budget, Finance, and Economic Development Committee, Keani N.W. Rawlins-Fernandez, Chair
Council of the County of Maui Notice of Public Hearing
April 28, 2021 6:00 PM https://maui.bluejeans.com/295235670.
Testimony with *four attachments emailed in two emails* to;
county.clerk@mauicounty.us
Phone confirmation of receipt @ 808-270-7748

Public Testimony Regarding; THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2021 TO JUNE 30, 2022.

Aloha Chair Rawlins-Fernandez and Budget, Finance, and Economic Development Committee Members,

This letter from COMET, with four educational attachments, is a friendly reminder that the Maui County Council Budget, Finance, and Economic Development Committee has failed achieve or even seriously study the promised "Property Tax Reform" by the Maui County Council in April, 1991, or through the misrepresented "Tax Reform Legislation" over the past two years.

This has everything to do with your "RATE" hearing this evening. Rates are only HALF of the "property tax formula" to determine final property taxation. The other HALF of the "formula" is property value assessments.

On October 16, 2020, during the West Maui Taxpayer's Association Candidate Forum, Chair Rawlins-Fernandez **correctly** stated, **"The property valuation is multiplied by the rate set by council."**

However, and very respectfully, Chair Rawlins-Fernandez also TOTALLY and INCORRECTLY stated, "Council has no power over how valuation is determined".

This uninformed and misleading statement by our esteemed Budget, Finance, and Economic Development Committee Chair points out the need to urgently and fully study the issues as stated in the enclosed April 12, 1991, Maui News article titled "Major Property-tax reform proposed".

Seriously, do you know the difference between "market value assessments" and "acquisition value assessments"?

For reference, please see the enclosed articles and;
https://www.facebook.com/WestMauiTaxpayersAssociation/videos/394690401937936/? so =serp videos tab&redirect=false

In fact, the Council has the power to study, carefully consider and change how valuation is determined. These actions has been proposed by COMET for over thirty years.

Chair Rawlins-Fernandez also stated, "Our Tax Reform Legislation helped us achieve Equality and Equity". Respectfully, that is an untrue and misleading statement. The Committee for More Equitable Taxation, COMET, has been trying to achieve actual "Equality and Equity" for more than thirty years.

In closing, I want recognize and honor COMET Founders Bill Tavares, Morrow Bagda, Beatrice and George Kehanu and Lyle Bettger. They deserve a great deal of praise and gratitude for their persistence in educating the public and achieving results. You can thank COMET for the freeze on taxes for several years, the increased homeowners deductions over the years and the "circuit breaker". However, these measures have not gone far enough in addressing property tax issues.

I also want to recognize and *MAHALO* the six thousand+ informed voters who supported the November 7, 2006, COMET "PETITION FOR MAUI

COUNTY CHARTER AMENDMENT". Further, *MAHALO* Tony Fisher, late COMET Vice Chair.

Regrettably, because of the prohibitive signature requirements to get on the ballot, the 2006 proposed COMET Charter Amendment regarding Maui County property tax reform was not able to garner enough signatures to let the voters decide.

In moving forward, I suggest it would be wise to follow the language and spirit of *ALOHA* as stated in the 1994 Hana Community Plan Ordinance in addressing property tax issues. The ordinance simply states, "Encourage community-based dialogue regarding proposed land use changes in order to avoid unwarranted conflict". COMET pledges to continue to do so with *ALOHA*.......

'Onipa'a!

Respectfully,

John Blumer-Buell, on behalf of COMET

County Council continues to avoid a comprehensive property-tax study

Viewpoint

February 26, 2016

By WILLIAM D. TAVARES , For The Maui News

My family and I live in Kuau, one of the most coveted areas of Maui. The property purchased by my late father, Antone F. Tavares, in 1903 has remained in our family's possession for 112 years. Each year we agonize in anticipation of the current property tax amount. This past year we saw an increase of 50 percent with the possibility of another steep increase this fiscal year.

I recently turned 94 and find it increasingly difficult to live under a property tax system that is as unfair, cruel, immoral and absolutely indefensible as Maui County's is. If I were younger you would see my righteous indignation made visible by public resistance to this abominable property tax system.

COMET (Committee for More Equitable Taxation) has proposed since 1988 that the Maui County Council undertake a thorough study of our present property tax system to no avail. This obstinate attitude was recently reaffirmed by the council chairman, who stated the council would not review its gutting of the "circuit breaker" tax credit or study the present system.

An earlier council recognized the need for a comprehensive study. For those who do not remember, COMET worked constructively with the council to enact the "homeowner's exemption" and "circuit breaker" in 1991. Those were implemented as short-term solutions. The "short-term solutions" have been in place for nearly 25 years. Broken promises.

The Maui News headline of April 12, 1991, stated: "Major property tax reform proposed." One of the proposals was "a study of the current property tax system would be completed with recommendations developed for revamping the system at the end of the three-year period for the proposed reform package. Possibilities for changes include doing away with the comparative sales (market value) method of assessing property." Broken trust.

Recently, the County Council authorized the study of a "council-manager" form of government for a possible Maui County Charter amendment. As presented, this form could save taxpayers 10 percent through efficiency and take some of the destructive politics out of the current system. The council-manager form would not eliminate the position of mayor. The council-manager form of government is not new or untested. This study is a worthwhile exercise in democracy but raises a serious question.

Why does the current council so easily authorize the study and cost of changing our fundamental county government structure but continue to refuse to study the Maui County property tax system?

There is no good excuse for the County Council to continue to avoid a comprehensive property-tax study. It is long overdue and more relevant than ever.

It is an extremely sad situation that citizens of this once great nation are enduring. Our political leaders on all levels of government are so engrossed in their own political and personal welfare that the basic needs of society are ignored. Whales, porpoises, seals, turtles and even the lowly loli (sea cucumber) are given much attention but our basic spiritual and human needs are often ignored.

As far as I am concerned, this situation is comparable to the situation in Flint, Mich., where the personal health of thousands of citizens was placed in deadly jeopardy by an uncaring government. The current Maui property tax system is causing destructive stress and damaging the health and welfare of many of our citizens. Everyone, including our honored kupuna, Native Hawaiians and future generations, deserves better.

As I have asserted many times in the past, anyone who insists that our property tax system is a just, fair and moral system, is an unfortunate victim of invincible ignorance.

Aloha ke akua.

* William D. Tavares is a founding member of COMET and current co-chair. COMET co-Chair John Blumer-Buell contributed to this Viewpoint.

Friday, April 12, 1991 MAUI NEWS Four Sections, 44 Pages 35 Cents

Major property-tax reform proposed

Council panel offers plan to help residents

By MARK ADAMS
Staff Writer

WAILUKU — Substantial changes in the current property tax system were approved yesterday by the Maui County Council's Finance Committee, including eliminating taxes on home improvements made after 1987 and repeal of a tax deferral option enacted last year.

Upon final approval, the five-point package passed by the committee would take effect in the last half of the 1991-92 fiscal year.

The reforms would see homeowners who lived on their property in 1987 and qualified for the owner-occupant exemption at that time sent the same property tax bill they paid for that tax year.

Those who bought homes after 1987 would not be eligible for the provision, but would take advantage of a lower tax rate being considered by the council.

The package would allow for increases in the tax bill to be considered in fiscal years 1993 and 1994, but for now a 3 percent hike contained in last year's reform effort would be eliminated.

Improvements made to owner-occupied properties since 1987, including ohana units, would not be taxed.

A "circuit-breaker" system also would be in effect for qualified households where owners are 60 years or older and the property owner and spouse earn less than $25,000 a year that attempts to hold property taxes to 5 percent or less of income.

Also, the committee recommended commissioning a study of the current property tax system that would recommepd ways the entire process of determining property tax rates could be revamped, including the possibility of scrapping the "comparable sales" method of developing tax bills.

Finance Committee Chairman Rick Medina proposed the changes approved by the committee in re-

The Maui News / WAYNE TANAKA photo

Maui County Council Finance Chairman Rick Medina (center) discusses his property tax reform package with colleagues during a break in yesterday's session. The committee ultimately approved the five-point plan, which would provide relief for qualified property owners whose home serves as their principal residence. The package was developed in response to rapidly escalating property values in the county.

HIGHLIGHTS OF THE TAX PROPOSAL:

Here are highlights of the Maui County Council's Finance Committee proposal for property tax reform:

■ **Homeowners who qualified** for the owner-occupant exemption in 1987 would receive the same tax bill they paid for that tax year. Over the three-year life of the plan, the council would have the option of approving annual across-the-board percentage increases above the 1987 bills.

■ **Improvements made to** a property after 1987, such as ohana units, would not be taxed under the plan. That exemption was approved to simplify the process and allow the program to be up and running by December, when tax bills are sent out for the second half of the 1991-92 fiscal year. If property owners are charged too much on their first-half bill, which would be figured using the current method, refunds could be necessary.

■ **The tax deferral system** approved last year that allowed homeowners to delay paying taxes until their property was sold would be repealed. The 447 homeowners who participated in the program in fiscal 1991 would still be responsible for paying the amount they owe upon sale of their property.

■ **A "circuit breaker" system** would be enacted to help homeowners over 60. Household income must be $25,000 or less, based on the property owner and spouse's earnings only. The plan would see those qualified paying 5 percent of their income in taxes, with a maximum benefit of $1,250. The amount due would be figured based on the 1987 tax bill for those who qualify.

■ **A study of the current** property tax system would be completed, with recommendations developed for revamping the system at the end of the three-year period for the proposed reform package. Possibilities for changes include doing away with the "comparable sales" method of assessing property.

tax values.

Fair market value of properties sold in a given area are a factor in determining property values. County Finance Director Travis Thompson told the committee that increases this year averaged 128 percent.

Thompson estimated the changes would cost the county about $5.7 million in lost revenue.

About 25 residents, many of them senior citizens, attended the meeting to support some system of tax reform.

Bill Tavares of Kuau, chairman of the citizen's Committee for More Equitable Taxation (COMET), asked the committee to support elimination of an "archaic and cruel" tax system.

"The power to tax is not the power to destroy," he said.

> 'The power to tax is not the power to destroy.'
>
> — Bill Tavares, Committee for More Equitable Taxation

Tavares said his group was very pleased with the effort, saying it culminates three years of trying to see some sort of relief enacted.

COMET especially appreciates elimination of the tax deferral, which gave qualified homeowners the ability to delay paying their tax bills until their property was sold, he said.

Critics said the measure amounted

Tavares gave Thompson and his staff high marks for the work they did developing numbers for the proposal.

Council Member Alice Lee said the committee's action demonstrates the council's seriousness about cutting taxes.

Noting the revenue loss, she asked Thompson to request that Mayor Linda Crockett Lingle identify where in her proposed $181 million budget now before the council's Budget Committee the $5.7 million revenue loss could be offset.

Lee also noted that Lingle's proposal to drop the residential tax rate to $3.50 per $1,000 of assessed value from the current $4.50 rate will result in an additional $4.36 million revenue drop, although the mayor has already figured that loss into the new

Lingle said yesterday that under the charter, she makes the initial budget proposal and the council then makes its adjustments before sending the package back to her.

As far as further cuts go, the mayor said the ball is in the council's court.

Lingle said she has not seen the tax reform package in writing and would reserve comment until it is sent to her office.

The mayor did respond to a proposal to lower the tax rate for homeowners with the owner-occupant exemption to $3.50 per $1,000 while leaving the $4.50 per $1,000 rate in place for property owners who do not live in a home they own.

Creating two classes of residential property is an idea that she has supported for some time, Lingle said.

On the circuit breaker proposal, Lingle said she believes it should not be restricted to senior citizens, but should be available to all low-income property owners who face being taxed out of their homes.

Also discussed yesterday were ways to raise revenue from other sources, including creation of a special tax class for golf courses that would be taxed at a rate higher than the current level.

Council Member Vince Bagoyo said the council also should be looking at providing relief for renters who will face pass-along rent hikes from property owners who do not qualify for the program.

The committee's proposal now moves to the Budget Committee for review. Upon approval, it would then go to the full council for action.

Hawaiians threatened by unfair property tax system

I am writing in support of COMET (Committee for More Equitable Taxation). My family and I supported its efforts 15 years ago, along with the Hana Community Association and our late Council Member Tom Morrow. We are grateful that COMET is bringing the property tax reform issue back into an overdue public discussion.

I suggest a property tax assessment rollback based on what residents paid for their property. In the case of longtime and multigenerational families, the valuations would be affordable. These families should be able to convey their properties to the next generation without penalty. This is fair and a way to ensure some affordable housing for the future.

If a property is resold at a higher price, that price would become the new valuation for that property. This is an idea similar to California's Proposition 13.

In Hana, I have seen a number of Hawaiian families come very close to being forced off their land by higher valuations. The next generation will not be able to survive the rapidly escalating valuations and taxes.

Part of this discussion needs to be the tax implications to Hawaiian-owned properties if the Akaka Bill passes Congress or if some other form of sovereignty is recognized.

Does the Maui County government really value our families and communities? The current system threatens individual family and community stability. It also threatens the wonderful and important cultural diversity that makes our community so special.

John Blumer-Buell
Hana

Committee fighting for equitable property taxing

If you are in favor of reforming Maui County's antiquated, unfair and destructive property tax system, the number to call is 579-9224. COMET (Committee for More Equitable Taxation) asks for your support in urging the County Council to effect major changes in our property tax system.

COMET was formed in 1988, and working with a cooperative and sympathetic council helped bring about a four-year freeze on assessments and taxes, increased home exemptions, and the 3 percent max tax circuit breaker. While these were significant accomplishments, they were only stop-gap measures.

Fifteen years later, COMET is once again pressing for more permanent and positive changes in the tax system in order to offer relief and protection from rapidly escalating assessments and taxes that are driving families out of the homes they have lived in for decades.

Longtime residents of Kuau and Paia are under siege as recent multimillion-dollar sales guarantee that assessments and taxes may well double next year, with the cancerous increase creeping inevitably inland.

If you feel that the situation has become intolerable with millionaires making Maui their personal plaything and you feel as angry as we do about the current abominable state of affairs, join COMET. There are no dues to become a member, and the current County Council appears to be serious about overhauling the entire property tax system.

COMET urges you to support its efforts to bring about historic and lasting reforms to the property tax system. On behalf of Morrow Bagda and George Kehanu, please phone us at 579-9224.

Bill Tavares
Executive Committee, COMET
Paia

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Does the Maui County government really value our families and communities? The current system threatens individual family and community stability. It also threatens the wonderful and important cultural diversity that makes our community so special.

John Blumer-Buell
Hana

From: Maureen Bacon <mauimo808@gmail.com>
Sent: Tuesday, April 27, 2021 9:55 AM
To: County Clerk
Subject: April 28 Council Meeting Testimony

RECEIVED
2021 APR 27 AM 11: 57
OFFICE OF THE
COUNTY CLERK

TO: Maui County Clerk

RE: April 28 Council Meeting Testimony

Aloha Members of the Council of the County of Maui,

I am a resident of the County of Maui, having lived here for eight years. I am a registered voter. Your decisions matter and impact my choices when I vote.

I applaud your efforts in adopting Resolution 21-18. I wholeheartedly agree that emphasizing "quality over quantity" regarding tourism is the best way to protect our precious resources, infrastructure and wildlife, while ensuring the quality of life for us, the residents of Maui, now and in the future. Tourism is economically important to me and to Maui but must be sustainable.

I also appreciate the Council's efforts in advocating for affordable housing alternatives for residents like me who work hard to maintain our way of life, especially considering the pandemic crisis we are in.

However, I am deeply disappointed by the Council's action in November to reclassify many condominiums from "non-owner occupied" to "short term rental" status. This greatly impacts my side of the island, Kihei and Wailea, as it seems to have a higher number of part year residents than the rest of the island. Clearly, people who spend many months here in their second homes aren't tourists. But, because they are not full-time residents, the Council somehow decided to punish them by classifying their property taxes in the short term rental category even though they do not rent their condos at all.

It's not pono. Many of these people are long-time friends of residents like me. We appreciate that they respect the island and us, living among us as responsible neighbors when they are here. They made decisions and invested money in their homes here because they could afford it given the option of non-rental tax status. This reclassification is life-changing to many of them, crushing their plans to be able to live on this beautiful island as their home away from home.

Beyond that, this decision is in direct opposition to Resolution 21-18. Some of them will have to sell because they have no way to pay for the doubling of their taxes caused by the short-term rental designation, especially those who are retired with fixed incomes. And it won't be Maui residents who rent or buy their places – it will be investors who will rent them out at top dollar to as many tourists as they can. So the Council's decision actually will INCREASE the number of tourists, not decrease it. This was pointed out to the Council in testimony by Jason Economou of the Realtor's Association in November.

Setting the property tax rates this week has the potential to make this situation even worse if the short term rental rate is increased. I ask the Council to step back and consider the real ramifications of what you have already decided and are about to decide. It does not seem that the long term future of Maui is at the forefront of your priorities with these actions. Your decisions are trading "high quality" part year residents who spend months peacefully coexisting with us for an exponential increase in tourists who will further stress our fragile island ecosystem.

Understanding the value of lokahi has never been more important than it is right now. Thank you for the opportunity to provide this written testimony.

Respectfully submitted,

Maureen Bacon

Kihei, HI

County Clerk

From: Matt Bailey <m.m.bailey@outlook.com>
Sent: Tuesday, April 27, 2021 5:34 PM
To: County Clerk
Subject: PROPOSED RPT RATES, FISCAL 2022

RECEIVED
2021 APR 28 AM 7:43
OFFICE OF THE
COUNTY CLERK

Aloha Council Chair Lee and members of the Maui County Council,

I am one of your constituents. I'm also a Maui homeowner and taxpayer and have been for the better part of the past 38 years. I am employed in the hospitality industry like many of your constituents. During the seven months our island economy was virtually closed, hundreds of my co-workers were furloughed or laid off - some for close to a year. I was fortunate in that I was deemed an essential worker and was able to work, though I took a substantial pay cut. My employer spent millions of dollars to maintain medical coverage and provide food for my coworkers who were less fortunate than I. I am unaware of any county employees who were laid off or furloughed for those same seven months, despite the fact that many county services were not available at that time.

Now the county is understandably in a financial hole - in part due to decisions the county made on how to react to the pandemic and resulting shut down of our economy. As has sadly become the practice, the immediate reaction to this is to raise taxes on hotel owners and/or visitors. I strongly object to the proposed 9.8% increase being proposed in the RPT rate for hotels and resorts. It's unfair - in particular when you think that many of these same entities you're going to squeeze are the same entities that supported their workers while their properties were not generating any income.

Since the island reopened, I have heard much grumbling about the return of visitors. Face it, it was nice when there was no traffic, when the beaches weren't crowded, and you could get in and out of Costco without standing in a long line. A very large percentage of this influx in visitors is staying in illegal vacation rentals often owned by out of state residents. Those TVRs don't support our economy, their owners didn't care for employees during the shutdown - and they don't vote. If you want to solve several problems at once, turn your attention to those taxpayers and not the ones who contribute to our community in so many ways.

Sincerely,

Matt Bailey

To our Maui County Council:

When our community works together for mutual objectives good results just happen. Past experience is a wonderful teacher and we have seen this collective participation by government, business, property owners and residents.

There is no question there is a delicate balance when addressing the multiple needs of our community and maintaining the economic engines which supports our infrastructure.

The ingredient of worker support and housing is an underlying foundation for continued economic and social success for our community. This is what allows business to grow, flourish and in turn provide jobs, create tax revenues. and drive our economy.

Too much or too little in one area can be very costly to the entire complex economy.

Business needs workers, workers need housing, housing must be affordable and most important available. It is availability that creates affordability. While we know that shortages create higher prices and always will, availability can and does become the great equalizer. Adequate housing makes and keeps prices competitive.

Yes, Maui needs more affordable housing for many reasons. More housing creates our solution to our inadequate housing shortage. Government support that addresses this resolution addresses the problem and not the band aid.

Lastly, taxing the "wealthy" to help the poor is a band aid. Pride of ownership is a proven cure. Our county can and will benefit from incentivizing affordable housing contracts. Not through tax increases on existing homeowners, but by approving building permits with reduced profit margins to builders. These new projects will in turn create new fees, permits, and new ongoing tax revenues while providing adequate affordable housing.

Sincerely,

Miles H. Barber

18 Papaua, Lahaina

RECEIVED
2021 APR 28 AM 9: 37
OFFICE OF THE
COUNTY CLERK

From: Peter Beauchamp <peterbeauchamp@yahoo.com>
Sent: Monday, April 26, 2021 11:58 AM
To: County Clerk
Subject: Tax increase

RECEIVED
2021 APR 26 PM 12: 32
OFFICE OF THE
COUNTY CLERK

To whom it may concern,

We feel that you are penalizing homeowners and vacation owners with this new tax increase. We have not been able to access our condo for over a year and may not for many months to come. We are hoping that you will rethink this tax hike, especially due to the pandemic.

Respectfully yours,

Peter and Randi Beauchamp
Trevor and Denver Beauchamp

County Clerk

From: Cat Bellinger <drycreekcat@gmail.com>
Sent: Sunday, April 25, 2021 7:50 PM
To: County Clerk
Subject: Property Tax Increase short term rental

Aloha,

Wow! The proposed property tax increase for short term rentals seems incredibly violating and financial robbery to owners. People owning property that choose to opt into short term rental are not corporations. This proposed increase is Zealous and greedy by the people proposing this! 10% is a lot! However 16% is a CRIME !! Between the approval of the planning department of the additional 6 story hotel expansion at the Maui Coast Hotel and the proposed tax increase, This could be when I sell and NEVER return to Maui.

Cat Bellinger

Sent from Opal Orchard Organics Windsor, California

RECEIVED
2021 APR 26 AM 7:49
OFFICE OF THE
COUNTY CLERK

County Clerk

From: Carole <mauicarole@gmail.com>
Sent: Sunday, April 25, 2021 10:04 AM
To: County Clerk
Subject: Council of the County of Maui, April 28 2021 TESTIMONY

Council of the County of Maui, April 28 2021 TESTIMONY

PURPOSE: The Real Property Tax Rates for the County of Maui For the Fiscal year July 1, 2021 to June 30 30 2022

Office of the County Clerc,

I am resident for part of the year in Kihei. I do not rent my unit. I am Canadian and therefore do not have the option to claim Hawaii residency, or even be in the US for more than six months of the year. I am very concerned with the possibility that the Council will raise the property tax rates beyond last year's level. The reason for this concern is that I have already been impacted with a near doubling of our taxes as a result of the Council's decision in November to reclassify my unit to Short Term Rental. That decision was ***unethical as it does not reflect my actual use.*** I have no rental income to offset the large increase.

Now, the Council is proposing short term rental rate increases to as much as $16.41 per $1000 and my unit have also seen an increase in their total assessed value. The combination of increased assessed value, the reclassification decision already enacted and this proposed rate increase could collectively nearly triple our property taxes from last year's amount.

This sudden and extreme change in expenses for part year non-renting residents will force some to sell their units, probably to investors. ***This will increase the amount of tourists on Maui which is in direct opposition to the Council's stated goals for more balanced and controlled tourism.***

I strongly urge the Council to consider the long term impact of its actions. Please do not raise the short term rental tax rate and please consider allowing us to reclassify our units back to non-rental next year.

Mahalo for your attention and consideration,

Carole Berthiaume
Owner Kihei Akahi D411
mauicarole@gmail.com
418 649 1079

County Clerk

From: Sue Bethanis <sueb@mariposaleadership.com>
Sent: Sunday, April 25, 2021 1:25 PM
To: County Clerk
Cc: Mark Bethanis
Subject: Please consider keeping property tax rates as is

Aloha, County Clerk,

My brother, Mark Bethanis, and I purchased a condo in Kihei in Oct 2019. It had been a 25-year dream of mine to buy at the Royal Mauian, and with my brother's help, my dream became a reality. We got to enjoy our little piece of paradise for a mere 5 months before the pandemic hit. Most of rentals we had hoped for to help defray yearly costs vanished. And, of course, we are still having to pay all the expenses — mortgage, taxes, HOA dues, etc.

We are very concerned with the prospect that the County Council may raise the short term property tax rate to as high as $16.41 per $1000. This would be an untenable increase in taxes for us, especially when combined with the sizeable adjustment to our unit's assessed valuation. In fact, the collective effect of the higher assessment, coupled with the high end of the proposed short term rental rate, would increase our unit's taxes by 72%.

We respectfully request that the Council hold short term rental taxes at or below the 2020 level.

Mahalo,
Sue

Dr. Susan J. Bethanis
Owner, Royal Mauian #306
Kihei, Maui

Sent from my iPhone

County Clerk

From: Susan <susan_maui@yahoo.com>
Sent: Wednesday, April 14, 2021 5:34 PM
To: County Clerk
Subject: Ordinance 130 passed December 4, 2020

RECEIVED

2021 APR 15 AM 7: 41

OFFICE OF THE
COUNTY CLERK

Aloha,
I want to express my dissatisfaction with this ordinance which changed my property tax designation from "non-owner occupied" to "short term rental". The property in question is my second home. It has not been rented at any time since the late 1990s. It is a condominium at the Maui Sunset in Kihei.
I just had a conversation with an employee at the Real Property Tax division about this reclassification. Not only was it done without my knowledge, I did not receive the notice of assessed value that was mailed to my mainland address in March. Perhaps it was delayed in the mail. So until my arrival in Maui April 12 I was unaware of the change. Now I am told that the date to file an appeal has passed. And to file an appeal costs the property owner a $75 fee even if filed by the April 9 deadline. In fact, in examination of the appeal form there is no area to request a reclassification of the property, only the valuation amount.
The employee referred me to the County Council meeting December 4, 2020, where this change was passed by the Council. Perhaps it was properly noticed in the newspaper, but we are in the midst of a pandemic and the majority of property owners affected by this likely had no notice of the intended change. I did note that the majority of community input was against this change.
I would like information on my recourse in this matter.
Thank you.
Regards,
Susan Bharvani
Maui address:
1032 S Kihei Rd #B416
Kihei HI 96753

Mainland address:
2019 E. Glenwood Ave
Fullerton, CA 92831

Cell: 808-463-8516
Email: susan_maui@yahoo.com

Sent from my iPad

County Clerk

From: Rhonda Bruce <rhondabruce98221@yahoo.com>
Sent: Friday, April 23, 2021 2:51 PM
To: County Clerk
Subject: Proposed Property Tax Rates for 2021/2022

RECEIVED

2021 APR 23 PM 3: 57

OFFICE OF THE
COUNTY CLERK

To the Office of the County Clerk April 23, 2021

I am a resident of Hawaii, for many years before I could move to Hawaii permanently, I considered my condo in Maui as my second home. It was my home and was not rented out.

I am fortunate that I am a US citizen and could move to the islands permanently. The counsel made the decision in November, with little or no input from the many owners who have second homes or condos in Maui and were classified for property tax as "non owner occupied" to make a blanket change to any condo building that they were now "in the short term rental category". This resulted, in up to a 100% increase to their property tax rates. Now you are proposing to increase this rate even higher.

Non owner occupied vs short term rental category

1. Canadian citizens make up a good percentage of owners .Many use their condos as a second home and do not have the option of becoming a Hawaiian resident. As they do not option of becoming residence of a foreign country --- they have two recourses accept "short term rental category" and pay double or triple the property tax amount or sell their unit.
2. Part of your reasoning to change the categories is too many people are renting their units out while claiming the non owner occupied category. As a owner for 21 years and on the board for many years I was not aware of anyone circumventing the rules.

Property Tax rate increase

What in the world are you thinking, adding a higher financial burden in the MIDDLE OF A PANDEMIC.

Many of the owners who do rent their condos out as a business have gone with little or no revenue for 16 months and we are not out of the pandemic yet. Many residents are struggling as their income is dependent on tourism.

In conclusion, I thought the counsel represented all factions of owners. I do not see this in your latest rulings and proposed rulings.

County Clerk

From: Joe and De <alohamaui2015@gmail.com>
Sent: Tuesday, April 27, 2021 3:06 PM
To: County Clerk
Subject: 4.28.21 mtg re: tax rates

Aloha,

We are writing as owners of a short-term rental to request that the tax rate increase be the lowest end of the range or delayed a year. All of us short-term rental owners were unable to rent out our properties for the majority of 2020 and are only now starting to recover and rebuild our savings. Further, most of our bookings in place for the rest of 2021 were at rates to cover the existing known expenses. If you vote to increase these taxes for the 2nd half of 2021 by the proposed large amounts, it will add additional financial hardship so soon after 2020.

Please consider delaying this increase and perhaps increasing the TAT instead. An increase to the TAT would be passed on to guests that choose in advance if the full rental rate is within their budget before they book vs us owners having to absorb an increase with a much longer time before we can begin to recoup it.

Mahalo for your consideration of our request and concerns,

Joe and De Buckwalter
Pacific Shores
Kihei, Maui

County Clerk

From: DON CARY <maui1997@shaw.ca>
Sent: Sunday, April 25, 2021 4:19 PM
To: County Clerk
Subject: Property taxes

RECEIVED
2021 APR 26 AM 7: 49
OFFICE OF THE
COUNTY CLERK

We are writing to implore you to consider the potentially devastating consequences of the decision you are about to make regarding tax rates. We are Canadians who have been part-year residents of Maui at our condo in Kihei. We first visited Maui in 1969. We are not allowed to stay in the US longer than six months, so we can't claim Hawaii residency and be classified as full-time homeowners. We do not rent our unit during the months we must return to Canada. Your committee seems to underscore the value of non renters who spend considerable time on Maui. We patronize the medical community , barbers ,hairdressers, massage therapists, hardware businesses , auto repair , join golf clubs ,purchase sporting goods , register and insure vehicles . We purchase vehicles , we purchase and repair appliances and we buy furniture.

You already doubled our property taxes with the condo reclassification decision you made in November. Now, you could potentially make them triple what we paid last year with today's decision on short term rental tax rates. Please don't raise these rates.

For years, the condo we own has been taxed on actual use. We, and many other owners, bought our condos because of the non-rental tax classification that was available to us (first "apartment" and then "non-owner occupied"). We've seen the way rental tourists often abuse and destroy our neighboring owners' rental units and it makes us sick. Not to mention the way they treat the rest of the island, its residents, wildlife and precious resources.

The Council decided that zoning, not actual use determines our tax class. You did this after we already invested our hard-earned savings. You didn't do this for ALL buildings zoned hotel/resort, only those that "allow" short term rentals. It's not right and it's not fair.

You are taxing many of us to the breaking point. Sadly, non-renting owners like us, who have lived among you, supporting the local economy and respecting Hawaiian culture and traditions, will be forced to leave. Sales to investors are inevitable. This will bring in more short term tourists which is what the Council says they do not want.

Again, please do not raise the short term rental property tax rates. You've hurt us enough already. Please also consider reinstating the non-rental part time resident classification.

County Clerk

From: Nikoya Collier <koy.collier@gmail.com>
Sent: Tuesday, April 27, 2021 5:28 PM
To: County Clerk
Subject: Testimony for Real Property Tax Rates

Aloha County Council,

Mahalo nui for allowing us the opportunity to testify.

I am against the property tax increase for hotels for a few reasons:

1. The county is looking to the hotel industry as a primary source of funding for the new affordable housing fund. This seems like a deliberate penalty against hotels because of over tourism. The fact is that timeshares have been at the top of the booking trends since the reopening of tourism in October That's been said by many partners who sell Hawaii. Furthermore, timeshares sell their available inventory to non-owners and also on VRBO/AirBnB and OTA partner sites.
2. Hotel's had to implement the increased TAT tax to supplement projects for the state. When the pandemic hit, it showed the severe flaw in this tactic. The Maui County Council proposed tax increase is again putting the majority of their eggs in one basket. This will increase prices for hotels, making the destination undesirable to travelers, resulting in less tourism which will equal less funding. In comparison, timeshares have continuous owners visiting the islands due to a portion of the owners having bought specific time periods of the year to come and visit. Hotels do not have this same assurance.
3. It would make more sense to split the property tax increase evenly between hotels, timeshares and short term rentals. Short term rentals have been a contributing problem to over tourism, yet get the least amount of backlash from any other hospitality segment.
4. The state and county should legalize the consumption of recreational marijuana and tax it substantially. This has sustained other US states even through the pandemic and would be attractive to tourists.
5. By increasing the property taxes, you are taking away from the hotel's revenue that pays and supports its employees. For chain hotels, this might not be a problem. But for independent hotels, this is a huge blow.

I understand the impacts over tourism has had to our island and community, but I do not agree that solely penalizing hotels is the solution. Short term rentals have contributed to not only over tourism, but the lack of affordable housing. The council should work in partnership with the hospitality industry to come up with solutions and ideas on what sustainable tourism looks like and how to make it work for our communities. Lastly, as a hotel employee, we should not be penalized for working in an industry that puts food on our tables and keiki's mouths, roofs over our heads and clothes on our backs. We are just trying to survive, especially during this pandemic.

Mahalo,
Koy

County Clerk

From: Janet Condie <jancondie@gmail.com>
Sent: Monday, April 26, 2021 1:04 PM
To: County Clerk
Subject: Written Testimony of Janet Condie re: Real Property Tax Rates

Dear Council Members,

My husband and I were married in Hawaii in 1968--my life-long dream. As each of our 4 children were born, we shared the heavenly experience of Hawaii with them--especially the south-west shores of Maui. In the early 1980s, we discovered the Royal Mauian in Kihei, and 2 years later the son on the deceased couple who had made unit 312 their home since the building was built in the 1970s, sold it to us so we could have a permanent residence in our favorite place on earth. My husband died in 1993, so our unit is now even more of a private, personal place with everything inside as it was when my husband was alive. We do not have, nor do we ever want, renters in our unit.

Again, this is a personal retreat, not a money-making investment. My husband and I had planned to retire here and make it our permanent residence. I come back without him as often as I can. As it sadly is not my principal residence, we fall into neither of your 2 categories. You have now incorrectly classified us as a short-term rental, which has increased our property taxes significantly. Your proposed increase in assessed value will increase out property taxes still further--a combined near-tripling of our property taxes. This is financially crippling. We have no rental income to offset the increased cost.

Do you really want to force out owners who value and take care of the island like a home, not a playground--who will collect trash left on Kam 1, 2 and 3, who will share with others snorkelers how to respect the reefs and to use only reef-safe sun-screen, etc.? Although we are not able to make our home in Maui our principal residence like you, we are you allies--wanting to work with you in Maui's best interest. Please keep reduced property tax rates available to owners that do not rent out their units. Not doing so will hurt Maui as owners like us may no longer be able to afford our units and we be forced to sell to investors who will rent to hoards of careless short-term renters increasing the strain on Maui's glorious natural wonders.

Mahalo for your work on Maui's behalf,

Janet Condie
2430 S. Kihei Rd., Unit 312
Kihie, HI 96752

RECEIVED
2021 APR 26 PM 1: 30
OFFICE OF THE
COUNTY CLERK

RECEIVED
2021 APR 27 PM 1:14
OFFICE OF THE COUNTY CLERK

CHRISTINE CONLON-KEMP
P.O. BOX 2311
WAILUKU, HI 96793
EMAIL: CONLONKEMP@EARTHLINK.NET
FAX: 808.244.5864

TO: County Council of Maui
DATE: April 27, 2021
RE: Testimony for Public Hearing April 28, 2021 – Proposed Property Tax Rates for July 1, 2021 to June 30, 2022
SENT VIA FAX TO: 808.270.7171

Dear County Council Members.

There should be equity in the distribution of property taxes. I am saddened by the passage of Ordinance 5160. Our part time residents / 2nd home owners, who cannot vote for representation on the County Council of Maui, are being unfairly targeted with potential property tax rate increases in the "non-owner" classification as well as those being lumped into "short-term rental" classification despite only using their properties strictly for personal/family use. Is this the way to treat those who do not pay Hawaii State Income tax but nonetheless strongly contribute to the Maui County economy through purchase of business goods/services; through donations to our non-profits; through serving on boards of institutions, government agencies, businesses and non-profits; and though volunteering their time, expertise, and service with organizations that serve our Maui County communities.

Do you realize the upper end of the proposed short-term rental tax rate ($16.41) is a potential 48% increase over last year's rate ($11.08)? Couple that with increased property tax assessments and owners will have a HUGE increase over last year's tax bill amount. In theory, short-term rental properties will pass these added costs to renters. Part time residents/ 2nd home owners, lumped in this category due to Ordinance 5160, will potentially realize a 168% increase ** in their property tax bill if the highest proposed rate in that classification ($16.41) is passed...before considering the added taxes due to an increase in assessment. How long do you believe true short-term renters property owners and part-time residents lumped in this category will be able to sustain these huge property tax increases? I agree that Maui County needs to diversify the economy away from the lion's share being tourism. Is this the way to do it? Are you sending a message that part-time residents are not welcome in communities with condominiums / units/ apartments in areas that are not zoned residential where they have been living for years by taxing them as the short-term rentals and to the point where they cannot afford to call Maui County their part-time home?

Documented residents of Maui County, who own property that they live in, should pay a fair share of property taxes. I do not believe last year's lowest tier of owner-occupied tax rate at $2.51 should be reduced to $1.66. I, also, do not believe if the $1.66 rate become effective that the proposed top tier should be $4.50, a 171% increase over the lowest rate. I believe the tiers levels established last year should remain and not be changed if the tier system continues. I believe the tax rate increases between the levels of the tier system should be reasonable. Manipulating the tier levels as well as reestablishing new property tax rates is like a shell game to see the where the hidden item under the shell, once mixed in front of your eyes, really lands. Only with a shell game you do not have to revisit the new rules to understand the complicated calculations to arrive at the end result of your Maui County Tax bill each year.

The passage of Ordinance 5160 (which allows for ignoring the actual use of properties, lumps some properties into the higher tax classification based on overlaying zoning and permitting of short-term rentals) along with this proposed tax rate schedule for 2021/2022 appears to discriminate the perceived wealthy based on assessed property values assigned by Maui County. I implore you, as a registered voter, a home owner and a member of the Maui island community to be equitable (dealing fairly and equally with all concerned) in assigning property tax rates.

Sincerely,

Christine Conlon-Kemp

Christine Conlon-Kemp

**** Calculation arriving at the stated potential 168% increase in property tax rate for a property previously classified as non-owner, currently lumped into short-term rental:**

Taking average of last year's 3 tiers tax rate amounts in the classification of non-owner occupied:
\$5.45 + \$6.05 + \$6.90 = \$6.13

Compared to the proposed highest rate in the classification of short-term rental:
\$16.41 - \$6.13 = \$10.28
\$10.28/\$6.13 = 168%

County Clerk

From: Verla Crewson <outlook_9817971D18964EA5@outlook.com>
Sent: Tuesday, April 27, 2021 5:10 AM
To: County Clerk
Subject: FY 2021-2022 Real Property Tax Rates Public Hearing

RECEIVED
2021 APR 27 AM 7: 41
OFFICE OF THE COUNTY CLERK

Aloha Budget Chair Rawlins-Fernandez and Councilmembers:

We wish to send the following testimony regarding the upcoming decisions to be made regarding the 2021-22 Real Property Tax Rates.

We purchased a Condo in Maui back in 2004. Since that time we have been enjoying the many wonderful treasures on the island of Maui. We rent our condo out for a few months each year.

As a result of this, we pay Hawaii State Tax (Excise and Transient Tax), Property Tax, and IRS Federal taxes. We employ Maui residents to help us with the cleaning and upkeep of our condo. We always support small Hawaiian businesses, creating jobs, and providing the community with real property tax funds that contribute in a large significant way to affordable housing. We feel so fortunate to have the blessing of being part of Maui.

If the continued property tax rates keep increasing at an alarming rate we will be forced to sell and leave Maui. This will be a very sad day for our family and our Maui friends that we employ to help us.

Covid has hit us all hard. We support a diverse and sustainable budget, focusing on community values. As you make future decisions on upcoming legislation please consider how much short term/vacation rentals contribute to Maui's community and economy. Perhaps you could look at refreshing assessed values in other classifications to increase the tax base.

Thank you for allowing us to provide this testimony.

Dale & Verla Crewson
B309 Maui Sunset, Kihei

(108 Rabbit Hill Court, N.W.
Edmonton, Alberta, Canada T6R 2R3)
dandvcrewson@telus.net

Sent from Mail for Windows 10

County Clerk

From: Misun Park <mcp691@gmail.com>
Sent: Wednesday, April 28, 2021 12:27 PM
To: County Clerk
Subject: Testimony for Public Hearing tonight, April 28, 2021

RECEIVED
2021 APR 28 PM 1:18
OFFICE OF THE COUNTY CLERK

Dear the Office of the County of Maui,

My name is Misun Park Cummings and I own Unit 2401 at Wailea Point. I would appreciate it if you could please address my following questions:

1) What is the rationale behind the modification of Tier 3 for Owner-Occupied, Non Owner Occupied and Short Term Rental to include a separate rate for "more than $2,500,000" properties? For Short Term Rental, in particular, that is a 48% increase from $11.08/$1,000 in 2020 to $16.41/$1000 in 2021. The increase is enormous and seems unreasonable. If COVID-19 relief is one of the reasons behind this increase, could the County name this modification as temporary, and agree to readjust Tier 3 to the 2020 level of "more than $1,500,000" with a more reasonable tax rate, once the economy and COVID-19 stabilize?

2) Could you please explain why the Short Term Rental Classification includes owners who do not rent their properties? I myself currently fall under this classification and agree with certain parts, such as, "occupied by transient tenants for periods less than six consecutive months...not owner's principal residence." The verbiage which I believe is not applicable to non-renting owners is, "has been granted short term rental home permit....without regard to its highest and best use and cannot qualify for a home exemption". Should how a property is used be disregarded for owners who do not take advantage of the rental permit? If there is no rental income, why should non-renting owners pay the same tax rate as owners who rent?

Could Maui County consider granting home exemption to owners in the Short Term Rental Classification who do not rent their properties? Or place the non-renting owners in Short Term Rental in the Apartment Classification instead? Or perhaps reclassify non-renting owners in Short Term Rental Classification as Owner-Occupied without home exemption?

It is stated in the "Classification for Tax Rate Purposes" page that , "Condominiums are classified upon consideration of their actual use (Non-owner-occupied, Commercial, Short-term rental, Timeshare, Owner-occupied). I believe non-renting owners are misclassified as Short Term Rental and should be reclassified.

Thank you so much for listening.

Sincerely,

Misun Park Cummings
4000 Wailea Alanui, Apt 2401
808-868-0011 (Home)
216-577-4113 (Cell)

Sent from my iPad

County Clerk

From: Jessica Dichow <jess_dichow@hotmail.com>
Sent: Saturday, April 24, 2021 2:27 PM
To: County Clerk
Subject: Proposed property tax increase - please print and read ahead of April 28, 2021 meeting

Dear Maui County Council,

Our Canadian resident family has owned and occupied in Kihei, Maui for a good portion of the year since 2011 at the Royal Mauian condo complex located at 2430 S Kihei Road. Prior to this, our family has regularly visited Maui since 1984, and have always enjoyed building our memories there. Since becoming owners, we have enjoyed being a part of the community and establishing relationships on the Island. To clarify, our property is not, nor has it ever been while under our ownership, a rental property; this is an owner-occupied unit utilized by our family, and only by our family. Our accumulated time never exceeds 6 months, and we submit a yearly IRS 8840 Form (Closer Connection Exemption Statement for Aliens) to the IRS offices in Texas. Being Canadian, we are prevented from becoming Hawaiian residents. If the rules were different, we would love to be Maui residents and spend most of our time there, but the reality is that we cannot.

The recent changes in the property tax assessments are creating an unwarranted financial hardship. We have already been impacted by nearly doubling our taxes as the result of Council's decision in November to unjustly reclassify our unit to Short-Term Rental. This decision was unethical and does not reflect our use of the property, yet we are being taxed as though we are making a profit from the property. This is simply not the case and is unfair.

Now, Council is proposing an increase to short-term rental units to as much as $16.41 per $1000. The combination of increased assessed value, the reclassification decision already enacted, and this proposed rate increase could nearly triple our property taxes from last year's amount. We have no rental income to offset these large increases, and our family suffers as a result.

While we understand that Maui has been hard-hit by the decrease in tourism throughout this pandemic, this situation will not be with us forever. This unfair cash-grab hurts people who have done nothing wrong. We bring the right things to Maui; respect for the land, respect for the people, respect for the laws, and support for the economy. We strongly urge Council to consider the long-term impact of these decisions which affect a very substantial number of Canadian owners who bring benefits to the residents Maui.

Sincerely,

Jessica Dichow, on behalf of the entire Dichow Family
Owners of #318-2430 S Kihei Rd, Kihei, HI 96753

County Clerk

From: Billy Dirksen <billy@aliiresorts.com>
Sent: Monday, April 26, 2021 4:35 PM
To: Kelly King; Keani N. Rawlins; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara A. Paltin; Shane M. Sinenci; Yukilei Sugimura; Gabe Johnson; County Clerk
Subject: RE: Maui County Budget Hearings - I support fair tax rates

Dear Committee Chair Keani N.W. Rawlins-Fernandez and Budget Committee Members,

RE: Proposed Tax Rates

Thank you for the opportunity to speak to the posted real property taxes proposed. I represent 180 legal resort located vacation rentals. All of whom will be affected by this tax increase. These rentals are not affordable housing for locals. If the hope is to punish vacation rentals by increasing the taxes charged in hopes that these owners will stop short term rentals and convert them to housing for residents, that will not happen or be affordable. Please consider other options than tax for revenue. Hawaii is already the highest taxed state in the country.

Mahalo,

Billy J. Dirksen
General Manager R(S)
Ali'i Resorts LLC
www.AliiResorts.com

Billy@aliiresorts.com
866-284-2544 / 808-879-6284 Ext. 116

County Clerk

RECEIVED
2021 APR 26 AM 7:48
OFFICE OF THE COUNTY CLERK

From: Sandy <dkwth@aol.com>
Sent: Saturday, April 24, 2021 8:15 PM
To: County Clerk
Subject: real property tax rates for the county of Maui

To Council of the County of Maui
Alice L. Lee, Council Chair

Your proposed tax rates for part-time residents who do not rent their homes is appallingly unfair and usury. Our tax amount would be three times the amount we presently pay. How is that fair, equitable, or even realistic?
We have been coming to Maui for vacations for over thirty years and have lived here part time at the Maui Sunset in Kihei for 17 years. We have paid our property taxes according to the classification as apartment, part time resident without renting. Now according to this proposal, our property is now lumped in with the people who use their homes as short term rentals for profit. We make no money from our residence, It is empty when we are not there. The increased taxes would be an untenable burden for those of us who contribute to the economy when we are there and do not pressure the tax payer facilities such as parks, beaches, roads,,,schools,, etc,when we are not. We are paying our fair share and should not have our classification changed to provide the cash lost last year because of Covid or any other reason.
Several of our neighbors and friends are part time and full time residents, most of whom are Kapuna
find the new policy unfair and without merit. Please reconsider this unjust and abhorrent change.

Yours truly,
Sandy and Tom Duckworth
1032 S. Kihei Rd. A 501
Kihei, HI.96753

Council of the County of Maui – Property Tax Hearing – April 28, 2021

We are Canadians who have owned condo 305 at the Royal Mauian for the past 18 years.

We have been reclassified as a short term rental unit -- we do not rent, causing our property tax to rise excessively and possibly another increase happening with your upcoming decision on setting short term rental property tax rates. Since we do not rent, we do not have the revenue to offset the huge expense of this sudden and large increase.

The increase in the property tax and the increase in the property value assessment combined will severely change our spending habits and likely those of many others. These high costs may cause many to be pressured to sell. In turn, those buying will probably be investors renting to even more tourists which is what the Council has stated they do NOT want.

We feel that we and our many friends who choose to make Maui their winter vacation home make a significant contribution to Maui. We support Maui in many ways besides paying our property tax. We dine out frequently shop for all our needs, food, clothing, entertainment, contribute to charities, all creating employment.

We trust that you will give serious consideration to our comments when making your decision and not increase the already excessively high property tax rates

Should you need to contact us, please do so: aiehlert@shaw.ca

Sincerely

Inga and Armin Ehlert
2430 South Kihei Road #305

RECEIVED
2021 APR 26 PM 3:54
OFFICE OF THE
COUNTY CLERK

County Clerk

From: Ron Fletcher <airfletch@comcast.net>
Sent: Monday, April 26, 2021 7:51 PM
To: County Clerk
Subject: Public hearing on Property Tax rate increases

RECEIVED
2021 APR 27 AM 7:41
OFFICE OF THE
COUNTY CLERK

Dear Council of the County of Maui,

The past year has been difficult for everyone in the county. The new property tax proposals are unfair and only exacerbate this difficulty.

Our property is classified as a short term rental and we already pay approximately five times more than owner occupied properties. Yet we suffered more during the last year than owner occupied properties. We, like most who rent, don't do it because we enjoy renting. We rent because we need the income to be able to afford our property. Short term rentals were already significantly hurt financially by the state of Hawaii's mandate banning short term rentals for a large portion of 2020. Increasing the property taxes by roughly 50% compounds the situation.

Your proposed tax hikes are focused on the heart of the main economy of Maui county which includes owners of rental properties, small businesses, restaurant owners, and the like. Raising rental property taxes will potentially raise rents and discourage tourists from spending their vacation dollars in Maui County. Rental properties provide a significant stream of revenue to the county in the form of tourism and they should be encouraged, not discouraged. Raising our property taxes to the proposed extremes forces us to consider living here full time and not renting. Please consider the impact this would have on the county if many other rental property owners chose to go this route or just give up their properties and sell them altogether.

Although we do rent, we also feel that the recent reclassification of part-time non-renting owners at the Royal Mauian being classified as short term rentals for tax purposes is also unjust and unfair. These owners could see their property taxes increase 2 to 3 times.

Have we not already suffered enough from the pandemic? Please consider alternate ways to provide for the county's needs that don't further financially burden those that are the primary source of revenue to the county of Maui.

Sincerely,

Ron and Christine Fletcher
Royal Mauian, #311
2430 S Kihei Rd

Kihei, HI 96753

Sent from my iPad

County Clerk

From: Craig Franzen <franzen7one@icloud.com>
Sent: Sunday, April 25, 2021 9:02 AM
To: Kelly King; Keani N. Rawlins; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara A. Paltin; Shane M. Sinenci; Yukilei Sugimura; Gabe Johnson; County Clerk
Subject: RE: Maui County Budget Hearings - I support fair tax rates

RECEIVED
2021 APR 26 AM 7: 48
OFFICE OF THE COUNTY CLERK

Dear Committee Chair Keani N.W. Rawlins-Fernandez and Budget Committee Members,

RE: Proposed Tax Rates

Thank you for the opportunity to speak to the posted real property taxes proposed.

Aloha Budget Chair Rawlins-Fernandez and Councilmembers:

We want the actions toward Maui's affordable housing to be bold, and we support affordable housing. Finding vacation rentals as a source for funding in the budget is not new, in fact as an industry vacation rentals have been the biggest source of funding for the affordable housing fund on Maui raising more than $7 million over the last 3 years.

With the recent tax code changes in 2020 the county grew the short term rental tax base to $12.8 Billion. Keeping the rate flat would still result in a $28M increase in revenue for the county. On Friday the budget committee voted for a small increase in the short term rental rates to $11.11 for T1, $11.15 for T2, and $11.20 for T3, finding an additional $4.4 million for affordable housing, again the largest source in Maui County. Using these rates the STR class will generate 37% of Maui's real property taxes.

We support a diverse and sustainable budget, focusing on community values. It would help the community to know some of the results of the Affordable Housing Fund. Since its inception in 2008 visitor accommodation properties have raised $32 Million for the Affordable Housing Fund, or 44% overall of the total of $72 Million generated for the fund. All property owners pay into it, and it would be useful for the community to know some of the results of the Affordable Housing Fund, like how many housing units have been developed with the funds since 2008?

Historically vacation rentals have been the number one source of Real Property tax for Maui county, raising 30% of the entire county's taxes in FY21, generating $115M while being closed during COVID. Maui has seen the visitor accommodation properties bringing in 40 to 50% of the county budget over the years in real property taxes. We do support fair taxation, and our community benefits by vacation rentals supporting a network of small businesses, creating jobs, and providing the community with real property tax funds that contribute in a large significant way to affordable housing.

We also support parity in our visitor accommodation property taxes. The current estimated revenue FY 2022 from the Budget committee meeting rates set Friday realizes a proposed revenue per unit for short term rental at $10,500, timeshare at $10,200, and hotel/resort at $3,800. It could be more balanced.

The council and county of Maui must take bold action at this time to explore all avenues to increase revenue, perhaps even looking at refreshing assessed values in other classifications to increase the tax base.

The Maui Nui Destination Management Plan points out vacation rentals are an important part of the quality brand that Maui visitors industry has. Maui's vacation rental industry is a significant part of the economic recovery for the county, and ensures economic sustainability for the community while preserving quality for residents and visitors.

As you make future decisions on upcoming legislation please consider how much short term rentals contribute to Maui's community and economy.

On a personal note. We are but one unit at Papakea Oceanfront Resort and our property taxes have increased almost 75% in three years. **YES, SEVENTY-FIVE PERCENT**....In 2017, our property tax was approximately $4925 and in 2020, the property tax was $8450. While we understand, property values are increasing and the desire for affordable housing is a greater need than ever before. However, it is not right that STR owners are bearing an unbalanced portion of the tax base. We love our Maui property and have continued to support the Hawaiian tax reforms over the years, but these increases are too much for a single group to support.

Sincerely,

Susan Franzen
Craig Franzen

County Clerk

From: dad@mauirealestate.net
Sent: Tuesday, April 13, 2021 3:23 PM
To: County Clerk
Cc: dad@mauirealestate.net
Subject: Setting real estate tax rates Public hearing April 28.2021

RECEIVED
2021 APR 13 PM 3:22
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Dear Council,

Please, please do not raise my real estate taxes in any way. I got killed during the pandemic and in stead of even thinking about raising the real estate tax (or any other taxes) please lower my taxes so that I can at least partially make up for my losses last year.

Also please reverse the tiered tax scheme. It is totally unfair.

Cheers,

Bob Hansen
Principal Broker RB-17532
808-283-9456
Maui Luxury Real Estate LLC

County Clerk

From: dad@mauirealestate.net
Sent: Wednesday, April 28, 2021 10:49 AM
To: County Clerk
Cc: dad@mauirealestate.net
Subject: Regarding tax rates

Aloha Council Members,

Please lower real estate taxes and reverse the tiered tax scheme. We are still in recovery mode during this pandemic. Generally it is considered a bad thing to constantly increase taxes on real estate and income.

In any case please do not increase real estate taxes.

Cheers,

Bob Hansen
Principal Broker RB-17532
808-283-9456
Maui Luxury Real Estate LLC

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HAWAI'I BUDGET & POLICY CENTER

Testimony of the Hawai'i Budget and Policy Center
COMMENTS: Relating to Real Property Tax Rates for the County of Maui for FY 2022
Maui Council Meeting, Wednesday, April 28th, 2021 at 6:00PM

Aloha Chair Lee and Members of the Maui City Council,

Thank-you for all for the hard work you are doing on behalf of Maui residents. The Hawai'i Budget and Policy Center encourages this Council to *turn the current housing crisis around* by taking more control over the funding and building of affordable housing.

Substantial Public Investment Needed

The first step towards building more affordable homes is to have the funding needed to support infrastructure investments, land acquisition, and the subsidies needed to bring housing costs (rent and ownership costs) within reach of residents earning local wages. Without substantial public investment, the County will not make much progress on affordable housing goals

Best Source of Revenue: <u>Capture More Public Value</u> from Investment Properties

For Maui the revenue source which will impact local residents the least while generating the most funds are property taxes on investment properties and short-term rentals. These properties are generally owned by higher-income individuals who are not experiencing the same stress of living paycheck to paycheck as lower and middle income residents. Furthermore, many of these owners do not live in Maui and they are paying substantially lower rates than they would in any other county on the mainland or in Hawai'i.

Currently, Too Little Public Value is Captured: Most of the value of investment properties is captured by private individuals, with the public capturing less than 1% of the yearly assessed value.

Compared to other counties, Maui captures less public value and instead more value is held by private property investors. This remains true even though it is substantial county investments in roads, public safety, and beaches etc. that make Maui an attractive place to buy investment properties. Below are two charts comparing the public value (tax revenue) collected across the four counties for an investment home worth $1.5M and $5M respectively. ***Maui County collects the least amount in both cases.***

The comparable categories across the four counties are:

Honolulu: "Residential A" Properties worth more than $1M that do not qualify for homeowner's exemption. Rates are $4.50[1] below $1M, then $10.50 for every dollar over $1M.

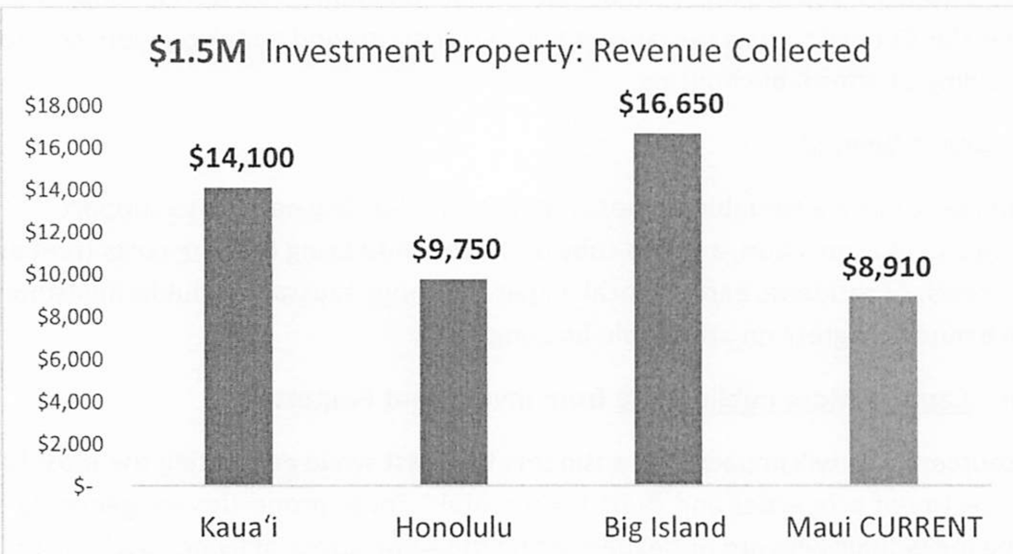
[1] Real Property Tax rates are measured in dollars per $1,000 where $10 is equivalent to 1% of property value.

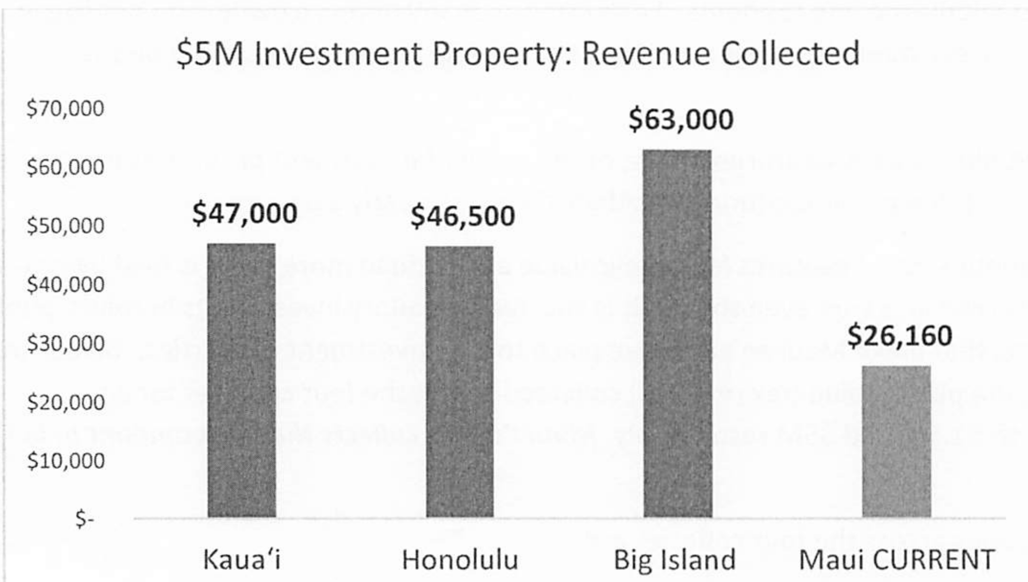
Kauaʻi: "Residential Investor" Properties worth more than $1.3M that do not have a homeowner's exemption and are not rented out long-term. Rate is $9.40 on the entire value, there are no tiers.

Big Island: "Residential" Properties that do not have a homeowner exemption. Includes improved property, condominium property regime and vacant land. Rate is $11.10 up to $2M, then $13.60 for values over $2M.

Maui: "Non-Owner Occupied" Properties improved with a dwelling that are not "owner-occupied" or any of the other residential classes. Rate is $5.45 for first 800k, $6.05 between $800k and $1.5M, and $6.90 for values above $1.5M.

A county comparison shows how Maui is capturing far less public value than other counties.





The above charts show how as the value of an investment property increases, the gap in revenues between Maui county and other counties only increases. This is because the ***rate of the top tier*** for the other counties is so much higher than Maui's top rate.

Honolulu: **$10.50** for value over $1M
Big Island: **$13.60** for value over $2M (**$11.10** properties less than $2M)

Kaua'i: **$9.40** for the entire value
Maui: **$6.90** for value over $1.5M

This is why an owner of a $5M investment property on Maui will pay **$1,695 less per month** than if the home were on Kaua'i or Honolulu, and **$3,050 less per month** than the same value home on Big Island.

Meanwhile the average residential property tax rate for mainland US cities is $14.00 per $1,000 (1.4%) or **$70,000 per year for a $5M home.**[2] For mainland residents who own an investment property on Maui, they pay much less in property taxes for their Maui property than they pay on their primary residence. This low tax rate encourages investment property ownership and contributes to the high selling price for housing.

RPT on High Value Properties is Progressive: Investment owners likely to be higher-income, higher net worth individuals.

Although paying $47,000 a year in Kaua'i or $70,000 a year on the mainland in property taxes would be a significant amount for the average person, it is likely a small percentage of the income of an investment owner who is able to purchase a high-value investment property. For example, an owner with a second home worth $5M is likely to have an income between $1.5M to $2M a year based on conventional mortgage lending standards and assuming they own a first home worth a similar amount. For a person earning $1.5M a year, a tax of $46,000 a year (Kaua'i and Honolulu rates) would be 3% of their income, and an even smaller amount of their total net worth. It would not seem an undue burden to have a property tax rate more in line with what other counties charge.

Capturing More Public Value Would Fund Thousands of Affordable Homes.

A 10-20% increase on already low tax rates compared to the other counties is a moderate and reasonable approach. For example, Kaua'i County raised the rates on "Investor Properties" by 17% last year and by 14% in 2018. If the Council were to increase rates by 15% on non-owner occupied properties valued higher than $800,000 and on all short-term rentals, the County would raise approximately $30M for affordable housing. Even a lower increase of 10% would still raise significant funds. These funds could then be leveraged in several ways to provide thousands of affordable homes:

1) Provide infrastructure in priority areas to unlock housing- including on DHHL lands.
2) Use as a match for federal infrastructure funding anticipated later this year.
3) Land acquisition in strategic locations close to transit and workplaces.
4) Leverage and expand Maui's investment in the Low-Income Housing Tax Credit (LIHTC) program to bring more State and Federally subsidized low-income rental housing to Maui.
5) Providing financing and subsidies for affordable ***for-sale housing*** on land owned or acquired by the County, and with pricing for residents between 60-120% AMI.
6) Funding for 1,900 affordable homes that are currently in the pipeline.
7) Financial literacy, mortgage readiness, and down-payment support for local residents.
8) Increased capacity for County agencies to implement the affordable housing plan.
9) Financing for Ohana and Accessory Dwelling Units
10) Pilot projects such as: a manufactured housing facility, kauhale and tiny home development, and other temporary housing options such as yurts.

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[2] 2017 "An Analysis of Real Property Tax in Hawaii", DBEDT: Research and Economic Analysis Division, pg. 68

For a list of specific housing projects and infrastructure priorities, please see attachment at end of this letter.

Several of these categories such as infrastructure, land acquisition, and housing subsidies (LIHTC) are long-term investments and could be funded by County bonds- which currently have historically-low interest rates near 1%. Currently, Maui could leverage $10M of affordable housing revenue to fund over $200M worth of bonds for long-term investments to jumpstart affordable housing.

Opportunity Cost of Waiting: Longer timeline for housing to be built, less progress made.

Should the council decide to not substantially increase funding for affordable housing this year, it will face the same pressures next year except without the progress that could have been made this year. Progress not just from projects that can be funded this year instead of waiting until 2022, but also in terms up building up the available resources in the Affordable Housing Fund. *There is no downside to carrying over some funding into 2022*—it will only provide the Council with more flexibility to implement its various housing, infrastructure, and community goals.

We respectfully urge the Council to not wait for another year to pass.

This Council can lay the groundwork not just for more affordable housing, but for a more fair and more resilient Maui economy.

Mahalo for the opportunity to testify.

PRIORITY AFFORDABLE HOUSING PROJECTS		RENTAL/	TOTAL	TOTAL
PROJECT	LOCATION	FOR SALE	UNITS	AH UNITS
Kaiaulu O Halelea	South Maui/Kihei	Rental	120	120
Welakahao Village Subdivision	South Maui/Kihei	For Sale	86	86
Hale O Pi'ikea	South Maui/Kihei	Rental	186	186
Liloa Hale-Highridge Costa	South Maui/Kihei	Rental	166	166
Kilohana Makai (Ferreira Family)	South Maui/Kihei	For Sale	28	28
Subtotal South Maui			**586**	**586**
Kaiaulu O Kupuohi (Star Noodle)	West Maui/Lahaina	Rental	89	88
Kaiaulu O Kuku'ia (Keawe St Apts)	West Maui/Lahaina	Rental	200	200
Makila Farms	West Maui/Launiupoko	For Sale	34	19
Pulelehua Phase I (Paul Chang)	West Maui/Lahaina	Rental	240	90
Subtotal West Maui			**563**	**397**
Waiehu Affordable (keahumoa)	Central Maui	Rental	120	120
Kahului Lani Senior I and II	Central Maui	Rental	164	164
Wahinepio Affordable	Central Maui	Rental	140	140
Hale Pilina	Central Maui	Rental	178	178
Subtotal Central Maui			**602**	**602**
Lanai Affordable Housing Ph I (County)	Lanai	Mixed	46	46
Lanai Affordable Housing Ph II (County)	Lanai	Mixed	306	306
Subtotal Lanai			**352**	**352**
Total Units on Priority Parcels			**2,103**	**1,937**

Maui Infrastructure Spending

Based on recent budget discussions, the HCA Team has identified several ways the County could commit upwards of $20 million in infrastructure funds next year. This would position the County to receive matching Federal funds, $1 for $1, through the American Jobs Plan planned for passage later this year. Our team recommends the Council first allocate the funds to the Affordable Housing Fund and from there, the funds be committed for a variety of infrastructure investment.

The following are examples of how the funds could further affordable housing in FY 2021-22.

Invest in Planning and Preliminary Engineering Work. First and foremost, the County needs to aggressively start the planning and preliminary engineering work on several major infrastructure projects to increase affordable housing development to meet local family needs. These include, but are not limited to:

1. Upgrades to the South Maui wastewater plant;
2. Development of new water supply in West Maui, expanding beyond the replacement water that is currently needed, and;
3. Making the wells that Atherton has drilled in Central Maui operational.
4. The new Central Maui wastewater treatment plant planning process needs to begin in earnest, but to our understanding a site for this plant has not been chosen, and acquisition of the site could not take place until after environmental review of a preferred location.

The County would solicit and enter into contracts with engineering companies to complete the design work on all of these facilities. Various County departments will require funding to manage these engineering and planning processes and to develop the requests for proposals and contracts for implementation. Our team projects these engineering contracts would total close to the $20 million target allocation. If the design for Atherton project wells is complete, then this project alone could spend the $20 million.

Kick-Start a Pilot Project. The County owns land on Lanai that is ready for development. The HCA Team has not seen detailed development plans for the parcel, but the County could contract with an engineering firm to finalize the development plans and analyze the offsite infrastructure needs. Preliminary plans we have seen are for a single-family subdivision of relatively low density. To maximize affordability for Lanai residents, part of the planning process could be to incorporate approximately 100 units of rental housing and 100 units of townhouse style development.
The Department of Hawaiian Home Lands is also planning a development on Lanai next to the County owned lands. Coordinating with them in the planning and infrastructure needs could serve as a pilot for future developments in other location that could demonstrate the impact of leveraging County-State-Federal resources for the building of affordable homes for local families.

Marilyn Hawes
109-2430 S Kihei Rd,
Kihei, HI 96753,United States

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2021 APR 26 PM 12: 32
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COUNTY CLERK

April 26, 2021

DELIVERED VIA EMAIL: county.clerk@mauicounty.us

Council of the County of Maui
200 S. High St.
Kalana O Maui Bldg,
Wailuku, HI 96793

Dear Council Members,

RE: THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR 2021-2022

We are long term owners of unit 109 in the Royal Mauian at 2430 S Kihei Rd. Our family enjoys Kihei, and we visit as often as we can. Unfortunately, because we are Canadian our visits are limited, and we cannot be in the US for more than six months of the year. Further, we do not have the option to claim Hawaii Residency.

We are very concerned with the possibility Council will raise the property tax rates significantly beyond last year's level. We have already been impacted with a near doubling of taxes due to Council's decision in November to reclassify our unit from Non-Owner Occupied to Short Term Rental. Council's proposed increase to the Short-Term Rental rate to as much as $16.41 per $1000 will substantially increase our property taxes again.

We encourage Council consider the impact of this proposed increase and reconsider raising the Short-Term Rental tax rate.

Thank you in advance for your consideration on this matter.

Sincerely,

Marilyn Hawes

County Clerk

From: Wayne Hedani <wnhedani@gmail.com>
Sent: Tuesday, April 27, 2021 5:38 PM
To: Kelly King; Keani N. Rawlins; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara A. Paltin; Shane M. Sinenci; Yukilei Sugimura; Gabe Johnson; County Clerk
Subject: Real Property Tax Increases

Members of Council:
The Maui County Council is fiscally out of control. It harms our most important industry by cutting funding to maintain our competitiveness in a world where everyone is seeking visitor revenues. It increases taxes to further harm the industry adding insult to injury.

In its place it offers no solutions to the problems most challenging to our residents. Keeping a roof over their heads and food on the table.

The worst solution to the affordable housing crisis is government funded housing. It is not sustainable, is inefficient and costly. The council is the cause of this affordable housing crisis by not zoning lands for residential housing. Combined with regulation and a permitting process which makes affordable housing only a pipe dream. It constrains supply artificially and then proposes government projects as the solution. Government is the problem not the solution.

Sincerely,

Wayne N. Hedani
586 Kuikahi Drive
Wailuku, HI. 96793

Ph. 808-281-3686

County Clerk

From: Cindy Kay <kayready@hawaiiantel.net>
Sent: Tuesday, April 27, 2021 10:52 AM
To: County Clerk
Subject: Please read

Aloha Council Members,

Mahalo for the opportunity to provide testimony for the April 28 Council meeting.

I have been a resident of Maui for over 30 years. I have seen many changes in that time, the most evident of which is the huge increase in tourism and its impact on the island and our daily lives. I also had a very successful career as a realtor so I understand very well the dynamics of the housing market.

The Council's recent resolution on overtourism is definitely needed. It's hard to find anyone who lives here or spends significant time here that would deny that. It's all about finding the right balance which I hope all factions of Maui government can work together to achieve.

I am fortunate to live in a condominium as a full time homeowner and appreciate the favorable tax treatment I am afforded. As with many condo complexes in South Maui, mine allows short term rentals which have become more and more prevalent as the years have gone by. In between full time homeowners and tourists are the owners who do not rent their units but come to Maui to enjoy many months away from the Mainland. I can attest that the behavior of the people, their respect for our condo property and the island in general varies greatly among these three categories.

As a resident and a realtor, I am dismayed at the tax reclassification of the owners who are part time residents who do not rent their homes. The Council made a broad brush decision that just because a property is zoned hotel/resort and because short term rentals are allowed within a complex, they will assume that is how the owners use them, thus eliminating the non-owner occupied status for non-renting owners.

But the Council failed to recognize that individual owners do not have the ability to change zoning or even their condo declarations and bylaws without at least a 67% majority. Once more than a third of the condos are rentals, non-renting owners will never be able to get the necessary majority to revert that complex back to non-rental status. Simply put, these non-renting owners are stuck. So when the Council changed the tax class, if these owners are unable to afford the doubling of their taxes, there are only two choices: sell or rent out their units.

This isn't just my opinion. Jason Economou's testimony to the Council in November warned that the Council's decision could have these and other unintended consequences. How does this fit with the vision for a 3:1 resident to tourist ratio? How does this realistically provide more long-term housing for locals? With all due respect, it doesn't.

As the Council considers today's decisions on tax rates or even future decisions like this, I'd ask you to carefully listen to expert opinions like Jason's and to open your minds and hearts to doing what is right for the people who call Maui their home, whether that is for months at a time or year-round. That will be a key ingredient in finding the sustainable balance we are all seeking.

I appreciate your service to all of the residents of Maui and your willingness to listen to our viewpoints.

Regards,

Cindy Kay

Wailea

County Clerk

From: Tom Kerestesi <tkrstc@gmail.com>
Sent: Sunday, April 25, 2021 1:19 PM
To: County Clerk
Subject: Short Term Rental Re-classification

I am writing writing to protest the re-classification of the tax base for my unit at the Royal Mauian and on behalf of all owners or condominium units who **do not** rent their units, but use them as a second home for themselves and their families.

My family has had a unit in the Royal Mauian for 43 years. It has passed on from my parents to the the next generation - my sister and me. Our unit on Maui is not an investment property but is a second home to our family and always has been. Our unit has never been rented and we have had no intention of doing so in the future.

We have seen our property taxes increase steadily as a result of increases in assed value so it is clear that we have been paying our fair share historically. To eliminate the classification for owners who do not reside full time on property but have a second home for private use is simply unfair and unrealistic.

Those individuals that have a unit and treat it as an income producing property have the ability to off set additional expense by adjusting the rent they charge. As a non-renting homeowner that opportunity is not available. We are not tourists - we are secondary homeowners who stipulate annually that our unit is not rented. It is unreasonable and counter productive to punish those secondary homeowners who do not rent their homes.

The property tax classification that was eliminated was created to recognize the difference in usage of individual properties. While the number of homeowners who don't rent their units may have diminished, it doesn't change the fact that their is a significant difference for those of us that don't when compared to those folks who actively rent their units on a short-term basis.

Please keep in mind that you dealing with people and not faceless corporate entities. The reality is that the new proposed tax structure will create an annual property tax bill equal to a cost of between 50%-80% of the total cost to operate and maintain the unit for a year. To think that a huge, unfair increase in property taxes would make me consider renting or selling the unit is simply unconscionable. Maui has been a home to my family, not a hotel room.

The current Covid pandemic has been a terrible economic event, especially with communities that depend on tourism. They have been hit the hardest. I live in Las Vegas and have a secondary home in Maui, so I have had a double dose of this economic disaster. With all of the travel restrictions I have not been able to go to Maui for a year. To say that these have been difficult times would be a huge understatement. The proposed increase in taxes would be crippling to my sister and me.

There **is a difference** for homeowners that treat their home in Maui as their secondary residence. We are not the same as owners who use their property as an investment with short term rentals. While owners who choose not to rent their units may be small, the economic impact of the tax re-classification is enormous. Please keep in mind you are dealing with people who treat Maui with the respect it deserves. The original tax structure recognized this because it was correct to treat properties differently is they were used differently. Nothing has changed in that respect.

Sincerely,

Thomas f. Kerestesi
Unit 3510
Royal Mauian
2430 So. kihei Rd.
Kihei, Maui, HI

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2021 APR 26 AM 7:57
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COUNTY CLERK

Thomas F. Kerestesi

County Clerk

From: larsonsfarm <larsonsfarm@gmail.com>
Sent: Sunday, April 25, 2021 10:24 AM
To: County Clerk
Subject: Tax Increases for Owner Occupied

My wife and I have been visiting Maui for over 30 years in a condo we own.
The recent events of proposed resident parking only, charging non residents for Makena Beach, etc, let alone the locals who are protesting tourists are making us rethink Maui as a second home.
We are back on the mainland, and have not gone back to our place we left in January. The long TSA lines, proposed second COVID test are tough for us to consider. Our locally purchased car is sitting unused.
We are the half time people that support local businesses and care about the island.
My wife and I are considering leaving our part time home of over 30 years. Renting our home is not an option for us.
Friends are choosing Arizona over Maui, and unfortunately we will have to do the same.
Please consider the unintended consequences of raising our taxes so dramatically.

Respectfully,

Barry Larson

Sent via the Samsung Galaxy A51, an AT&T 4G LTE smartphone

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County Clerk

From: Christine Larson <brookslarson1205@gmail.com>
Sent: Saturday, April 24, 2021 6:43 AM
To: County Clerk
Subject: Tax Increase for Non Rental Properties.

I recently learned that our condo could be taxed as a rental unit. My sister and I own our dream condo. We used local businesses to improve our part-time home. As small business owners, we frequent local businesses such as Times Market and Foodland. Rainbow Attic is a business we trade with. We purchased our car from the local Honda dealer, use a local agent to insure our home and car. Our condo is not a rental we make money with. it is our much loved second home we scrimped and saved to purchase and keep as owner-occupied.

Raising our taxes will force us to rent our private home out, or sell to an off-island investor. We decided to purchase our home based on the taxes paid. The amount proposed will be impossible for us to keep our non-rentable home. Our home would also become a rental in the eyes of the Government, and we would be taxed by the Federal and the State of Oregon for any income and tax consequences if we sell. That alone will cause us to sell this year.

Our children were raised going to Maui every year, and as adults visit us during holidays every few years. We wanted their children to have the same experiences, which include researching Hawaiian Heritage, doing local beach clean-ups, and teaching main- land friends about Maui.

Please allow us to enjoy our second home without being taxed out of it.

Respectfully,

Christine Larson
2430 S. Kihei Rd 511
Kihei, Maui 96753

20200 Marsh Rd
Bend, OR 97703

County Clerk

From: Darren Le <darren.lpd@gmail.com>
Sent: Saturday, April 24, 2021 11:14 AM
To: County Clerk
Subject: Pacific Shores owner to MAUI PROPERTY TAX - HEARING

Hi Sir/Mdm,

I'm Darren Le, the owner of a rental unit located at Pacific Shores in South Kihei, on 2219 S Kihei Road.
This is my written testimony to urge the Council not to raise the property tax in such a difficult time.

We have endured months of not having income, and just now managed to see the light at the tunnel. We're not the multimillion dollar hotel chains or investors that have deep pockets, we have so much expense and mortgage waiting for us to pay off.

This tax raise will be another slap in our face, targeting small owners like me after such a difficult year for us. There are so many other ways to increase revenues, especially on luxury goods consumed by tourists. I'm not sure why the county wants to add another layer of hardship on people like us.

I strongly urged the council reconsider this decision, it hurts small guys rather than big guys.
Thank you,

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2021 APR 26 AM 7: 47
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COUNTY CLERK

County Clerk

From: Cecile Lehrer <cg.lehrer@gmail.com>
Sent: Monday, April 26, 2021 2:20 PM
To: County Clerk
Subject: MAUI PROPERTY TAX - HEARING TO DETERMINE RATES - APRIL 28

RECEIVED

2021 APR 26 PM 2: 27

OFFICE OF THE
COUNTY CLERK

To: Maui County Council Re: Proposed increase in property tax for short-term rental & partial year occupancy properties

I object to the proposed property tax increases for the following reasons:

Raising the short-term rental tax places an undue burden on property owners who rent their properties as well for those who do not do short-term rentals but only occupy their homes for a portion of the calendar year.

Many of the owners of the properties in question are senior citizens who survive on fixed incomes.

Raising taxes on rental properties following a year of no income will result in loss of ownership for owners who depend on rental income to maintain their properties as well as for those who depend on profits from rentals to sustain themselves.

If owners of short-term rentals and part-time residents are forced to sell because of the exorbitant tax burden, there could be a glut of properties on the market resulting in lower valuation for all properties.

As an economy dependent on tourism dollars, Maui County needs to maintain its stock of housing for tourists with varying needs and abilities to pay. Many visitors to Maui cannot afford to pay hotel rates, especially when traveling as a family. This is frequently the case of visitors from neighboring islands.

Short-term residents already carry a significantly higher property tax burden than year-round residents even though Maui County benefits both directly and indirectly from short-term rental housing.

Maui County also benefits from the tourism dollars spent by people in short-term rentals.

I implore you to reject the proposed tax increase.

Sincerely,
Cecile Lehrer
Royal Mauian 615

--

Cec Lehrer
cg.lehrer@gmail.com

County Clerk

From: Yume Enterprise <yume-enterprise@hotmail.com>
Sent: Tuesday, April 27, 2021 9:42 AM
To: County Clerk
Subject: Proposed Tax rate increase for vacation rentals

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2021 APR 27 AM 11: 57
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COUNTY CLERK

To whom it may concern,

I am writing to voice my concerns over the proposed tax rate increase for vacation rental use properties.

I own two units that are legal vacation rentals in a hotel zoned condominium in Kihei. I pay the same taxes as hotels.

I am really opposed to a big tax hike this year because we are still trying to pay back all the money we borrowed last year just to avoid going into foreclosure. I thought it was very unfair that hotels were still allowed to operate yet legal vacation rentals were forced to shut down.

I tried to get forbearance on my mortages, I was only offered 3 months but with a balloon payment due all at once at the end of the term. Well, that would make things even worse for me being that 3 months later things we were still forced to remain closed.

I tried to get forbearance on my condo maintenance fees and was given until the end of year but all the fees had to be repaid at once or penalties, late fees and interest would apply as well. That would not have helped much either, being that we were only allowed to re-open as of Oct 15, 2020, there was no way to make that kind of money to come up with the full repayment. So, we only took the forbearance for 3 months, which was long enough for me to get on PUA & for both my husband and I to get as many loans out as possible to see us through the year.

Maui County offered two months delay in property taxes that were due in Aug, but charged us interest. We took that offer but at a price of higher payments due in October.

We also had another legal vacation rental on Oahu that had to be shut down as well, despite it being in an Aston Hotel, because it was not in the authorized limited zoning area of either Waikiki or Ko Olina.

With 3 properties shut down and no income coming in, we were still held fully responsible to pay all the monthly expenses - mortgages, maintenance fees, property taxes, utilities, etc.

The entire time I strongly felt the State was handling things without considering how hard it would be for businesses to stay afloat and made really bad choices. I wish they had just closed the airports to outside visitors and allowed everyone else to operate as normal. If that wasn't possible, I wish they did a mandatory quarantine utilizing the military, and that all visitors were shuttled immediately to a property on base or to one hotel that was a quarantine hotel, and locked down with guards. I wish that although severe, measures were taken to insure that Hawaii residents were protected, not just health wise but financially as well.

People like my parents don't understand what it's like to be a working class family with little kids. They supported the shut down indefinately because they didn't have to work anymore. Their house was paid off, they had social security and retirement funds. All their kids were grown and out of the house. But they were the ones going out the most during the pandemic, hitting up all the big box stores where risk was probably the highest.

If the County of Maui chose to shut down vacation rentals when they could have allowed us to stay open and make money to pay taxes, they should cover their financial shortcomings on their own. I don't think they should push the burden onto vacation rental owners who have already paid a lot every year and then when we most need to make money, are forced to shut down with no options to make money at all. I think a lot of us who aren't rich people owning the vacation rental as a 2nd home are still close to foreclosure or are trying hard to pay back all the loans we had to take out just to survive.

This tax hike should not even be considered. Instead, I think all County workers in government who made all the bad decisions last year to financially decimate and cripple hard working folks should take a huge pay cut and be in the same boat as the rest of us so that in the future, they will have more to consider when making important decisions like that.

Maui County should be finding ways to take care of hard working local people.

Please do not hike our taxes, we don't have money to even pay what we owe last year!

Mahalo,
Lisa

Sent from Outlook <http://aka.ms/weboutlook>

County Clerk

From: Fatima Lobo <fatima@lobo-law.com>
Sent: Monday, April 26, 2021 10:00 AM
To: County Clerk
Subject: PUBLIC HEARING: APRIL 28, 2021 RE: REAL PROPERTY TAX RATES

Aloha to all Members of the Maui County Council:

I am a resident of the State of Connecticut. However, for several years, I have had the good fortune to own two short term rental condominiums on Maui (Maui Kamaole M206 and Royal Mauian #501). As such, I submit the following testimony for the hearing on fiscal year 2021-2022 real property tax rates.

The entire country has suffered greatly, both personally and financially, as a result of COVID. The County of Maui is no exception. In fact, due to being an island, Maui experienced greater financial hardship as a result of COVID. I, like all small real estate investors, was not exempt from the hardship. I had virtually no rental income from March to November of 2020 because Maui County did not allow me to rent my units due to COVID-19. Despite this, I paid my mortgages, my property taxes and kept local employees of my rental management companies working by paying them for maintenance work while the condos were vacant.

The pandemic is far from over and while many tourists have returned, the effect of last year's vacation rental moratorium has left a large deficit in my business that I will never recover. Similarly, COVID has also resulted in deficits in Maui County's budget. However, Maui County Council's proposal that could possibly raise short term rental property taxes by nearly 50% in one year alone is not the way to address it. It is unconscionable to place this burden on the small investors who are key to the recovery of Maui's economic health. I pay ALL my taxes. As we all know, there are a lot of people who rent and do not pay the GE/TA taxes. I compete for the travel business with those people. A unintended consequence of this proposed increase is that more people will rent under the table and not pay GE/TA taxes. A greater effort should be made to identify those people which would generate significant revenue for the County.

Further, I was shocked to learn that Maui County reclassified many non-renting/part time condominium residence from Non-Owner Occupied to Short Term rental. These owners do not derive any income from their property, yet that decision alone doubled their property taxes. This decision was taken by Council in November 2020 when virtually zero non-residents were on island to even know Council was considering taking this drastic step. **Process matters**. The affected owners had no opportunity to be heard and were essentially excluded from the process. To potentially further compound their financial hardship by raising short term rental rates that, coupled with the reclassification, could result in a nearly 300% increase in their taxes is unconscionable. I understand that the reasoning for that action was that some Non-Owner Occupied designated units have owners that rent under the table. As indicated above, the answer is to identify the people who are not paying the GE/TA taxes and **not** to punish those who follow the law.

Hard decisions need to be made. Both the prior reclassification and this proposal are short sighted. People need to feel that they are being treated fairly and equally. It appears that both proposals seek to put the burden squarely on the on the non-residents and small investors. We many not vote in HI but we are an integral part of the community. I spend a minimum of almost a month every per year on Maui and have always believed it was one of the most beautiful places in the world, sharing aloha with all who visit. The concept of aloha has to go both ways.

I urge you to make the right decision and do not increase short term rental rates and repeal the decision to reclassify condominium non-owner occupants as short term rentals.

I appreciate the opportunity to voice my opinion. Mahalo!!

Fatima T. Lobo

Lobo & Associates, LLC

280 Adams Street
Manchester, CT 06042
Telephone: (860) 645-0006
Facsimile: (860) 645-1110

Secure Insight
Vetted & Verified

County Clerk

From: Lilly Lozano <lillyl871@gmail.com>
Sent: Saturday, April 24, 2021 9:11 AM
To: County Clerk
Subject: Public hearing 4/28/2021 Proposed Tax Rate Increase

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2021 APR 26 AM 7:47
OFFICE OF THE COUNTY CLERK

To Whom It May Concern,

As new owners of a condo just purchased in Kihei on October 2020 this proposed tax rate increase will impact us hugely. This is the wrong time to introduce this increase. Covid has affected every single person financially and emotionally and this tax rate will drag on the implications of loss income for us condo owners. As we all try to recover financially this only adds to the stress for us condo owners who don't reside in Maui and still have the overhead expense of second home. Tourism is just starting to slowly get back we have not recovered from the loss. The short term rental is an opportunity to make income for us as well for Maui. We strongly discourage and oppose the property tax increase.

Liliana Lozano
909-208-2491
CA resident, Condo owner in Maui.

County Clerk

From: Todd Lynam <tlynam@gmail.com>
Sent: Saturday, April 24, 2021 7:11 PM
To: County Clerk
Subject: Written Testimony For THE REAL PROPERTY TAX RATES PUBLIC HEARING

Hello,

I hope you're doing well. We saw that the tax rate for Short-Term Rental could be increased significantly. The pandemic has been exceptionally difficult on our vacation rental business and we've been losing a lot of money. The margin is already very low with the existing taxes and expenses. It feels unrealistic to ask for the rate to remain the same but we would hope that the increase wouldn't be a dramatic one or spread out over many years. We appreciate your consideration.

Kind Regards,
Todd Lynam and Yuejiao Liu

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COUNTY CLERK

April 27, 2021

Aloha County Council of Maui,

I respectfully offer the following testimony regarding fiscal year 2021/22 real property tax rates. I am the owner of a condominium in Kihei that has been in my family for decades. We cherish generations of memories made there. Currently, it is used both by my family for personal enjoyment as well for short term rental.

I am vehemently opposed to the Council's consideration of raising the short term rental tax by as much as 48%. I can appreciate that Maui County experienced significant financial hardship as a result of the pandemic. So did many individuals who own property on Maui. However, the proposed rate structure as published looks to place the majority of the burden for increased taxes on the non-resident and short term rental owners. This is not a sustainable approach.

Additionally, I would like to register my disappointment in the decision to apply the short term rental property tax classification to more than 20% of the owners in my complex who do not rent their units. This is simply unfair and unwarranted.

As a real estate broker and founder of the Neil Lyon Group in Santa Fe, New Mexico, I have over 40 years' experience in real estate market dynamics. I read with interest the testimony of Jason Economou of the Realtors Association of Maui at the November 20 Council meeting. His advice to the Council on the topic of this short term rental classification change and its potential perils went unheeded and merits serious reconsideration by the Council.

I concur with Mr. Economou that there is a strong likelihood that some condo owners will be forced to sell their non-rented units to investors, which will actually have the effect of increasing the tourist population on Maui in controversion of the Council's Resolution 21-18 on sustainable tourism. It is also logical that future part time residents on Maui will be driven to tax advantaged non-rental properties which Mr. Economou points out could actually increase prices on these units, thereby decreasing available housing for locals. By the time this comes to fruition, it may be too late for the Council to retrench.

I sincerely hope that the Council will consider maintaining the current short term tax rate and rescind its decision to reclassify non-rental condo units as short term rentals without regard to actual use, just because zoning and declarations allow them..

Sincerely,

Neil Lyon
Neil Lyon Group
Sante Fe, NM

Maui Hotel & Lodging
ASSOCIATION

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COUNTY CLERK

Testimony on behalf of
Maui Hotel & Lodging Association

Relating to Real Property Tax Rates for the County of Maui, FY 2021-2022
Public Hearing – Wednesday, April 28, 2021, 6 PM

Aloha Council Chair Lee and members of the Council,

Mahalo for all that you are doing for our community during the COVID-19 crisis. It is heartening to see our leaders taking the measures vital to ensuring our health and safety. On behalf of the Maui Hotel & Lodging Association, we thank both the Council and the mayor for understanding that the effects of COVID-19 have impacted the visitor industry.

Our visitor industry is still positioned as Maui's largest economic driver and source of tax revenue. The Covid-19 Pandemic has impacted all of us living on the island. Unemployment remains high at 12.2%. Resorts occupancies continue to recover while our businesses currently sustain medical benefits and provide other aid to those not working. Financial impacts of operating our business include social distancing statutes, more stringent cleaning protocols, and vastly lower occupancies.

In submitting your FY2021-2022 budget, we ask you to keep the 2022 RPT increase in line with other vacation classifications and not exceed 1.5%, or $10.86. Our request is aimed at addressing our immediate needs. Supporting the industry's recovery through tax consideration would help ensure a thoughtful recovery and reinforce our commitment to sustainable and responsible tourism.

On behalf of the Maui Hotel & Lodging Association, we respectful appreciate your consideration of our testimony.

County Clerk

From: Lucia Maya <luciakmaya@me.com>
Sent: Sunday, April 25, 2021 9:54 AM
To: Kelly King; Keani N. Rawlins; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara A. Paltin; Shane M. Sinenci; Yukilei Sugimura; Gabe Johnson; County Clerk
Subject: RE: Maui County Budget Hearings - I support fair tax rates

RE: Proposed Tax Rates

Aloha Budget Chair Rawlins-Fernandez and Councilmembers:

We want the actions toward Maui's affordable housing to be bold, and we support affordable housing. Finding vacation rentals as a source for funding in the budget is not new, in fact as an industry vacation rentals have been the biggest source of funding for the affordable housing fund on Maui raising more than $7 million over the last 3 years.

With the recent tax code changes in 2020 the county grew the short term rental tax base to $12.8 Billion. Keeping the rate flat would still result in a $28M increase in revenue for the county. On Friday the budget committee voted for a small increase in the short term rental rates to $11.11 for T1, $11.15 for T2, and $11.20 for T3, finding an additional $4.4 million for affordable housing, again the largest source in Maui County. Using these rates the STR class will generate 37% of Maui's real property taxes.

We support a diverse and sustainable budget, focusing on community values. It would help the community to know some of the results of the Affordable Housing Fund. Since its inception in 2008 visitor accommodation properties have raised $32 Million for the Affordable Housing Fund, or 44% overall of the total of $72 Million generated for the fund. All property owners pay into it, and it would be useful for the community to know some of the results of the Affordable Housing Fund, like how many housing units have been developed with the funds since 2008?

Historically vacation rentals have been the number one source of Real Property tax for Maui county, raising 30% of the entire county's taxes in FY21, generating $115M while being closed during COVID. Maui has seen the visitor accommodation properties bringing in 40 to 50% of the county budget over the years in real property taxes. We do support fair taxation, and our community benefits by vacation rentals supporting a network of small businesses, creating jobs, and providing the community with real property tax funds that contribute in a large significant way to affordable housing.

We also support parity in our visitor accommodation property taxes. The current estimated revenue FY 2022 from the Budget committee meeting rates set Friday realizes a proposed revenue per unit for short term rental at $10,500, timeshare at $10,200, and hotel/resort at $3,800. It could be more balanced.

The council and county of Maui must take bold action at this time to explore all avenues to increase revenue, perhaps even looking at refreshing assessed values in other classifications to increase the tax base.

The Maui Nui Destination Management Plan points out vacation rentals are an important part of the quality brand that Maui visitors industry has. Maui's vacation rental industry is a significant part of the economic recovery for the county, and ensures economic sustainability for the community while preserving quality for residents and visitors.

As you make future decisions on upcoming legislation please consider how much short term rentals contribute to Maui's community and economy.

Aloha,
Lucia Maya
Makawao, HI
Owner/operator of a bed and breakfast unit

County Clerk

From: PETER MCCOMBS <p.mccombs@shaw.ca>
Sent: Sunday, April 25, 2021 11:13 AM
To: County Clerk
Subject: Tax Rate Increase

Good day,

My name is Peter McCombs. My wife and I are Canadians and we reside for part of the year in our condo at the Royal Mauian in Kihei. Our condo has never been rented and we have no plans to rent it. As Canadians, we are not permitted to reside in the USA for more than six months of the year and therefore not considered Hawaiian residents. We are seniors and we enjoy our quiet lifestyle in Maui and we support many local businesses during our stay in our second home.

We are very concerned with the possibility that the Council will raise the property tax rates beyond last year's level. We have already been impacted with a near doubling of our taxes as a result of the Council's decision in November to reclassify our unit from Non-Owner Occupied to Short Term Rental. That decision was grossly unethical because this does not reflect the actual use of the owner-occupied units and we have no recourse. As non-renters, we have no rental income to offset the large tax increase. The extremity of the increase (possibly as much as $16.41 per $1000 value) coupled with the increased assessed value, could nearly triple our property taxes from the previous year and would be detrimental to the value of our home.

Unfortunately, the unfairness and extremity of the new taxes may force many owners (that occupy their units part-time) to sell their units to investors. The investors, needing to generate rental income to cover the exorbitant taxes, would encourage a greater volume of transient visitors, replacing the semi-permanent owner-occupants. This is never desirable in any neighbourhood and would oppose the Council's goals for more controlled tourism.

We ask the Council to consider the long term impact of its actions. Please do not raise the short term rental tax rate. Please consider that we are owner-occupants who have invested in Kihei property for a second home and unable to be classified as full-time Hawaiian residents due to our Canadian status. Thank you in advance for your consideration in this matter.

Yours truly,

Peter McCombs

Maui County Council,

In 1970, as a college student, I visited Kihei, Maui for the first time on a university sponsored trip. After returning home I suggested to my parents that they consider staying in Kihei on their next visit to the Hawaiian Islands. They did just that and later, in 1978, they purchased a condominium in The Royal Mauian in South Kihei. My parents, brother and I, our spouses along with our children and grandchildren have visited Kihei often over the 43 years. My parents have since passed on but the condo remains in the family, owned by my brother and I. In the 43 years our family has owned the unit it has never been rented a single day or night. It always has been used exclusively by our immediate family members, and we are a small family.

I believe we are and have always been the type of visitors you desire as stated in Resolution No. 21-18. We support local business, tread lightly and are respectful of the land, sea and air.

In randomly and unjustly classifying our unit a short term rental and increasing our property tax rate you have perpetrated a grave injustice to responsible owners such as ourselves. It is counterproductive to your stated mission as we will be forced to either sell our unit (to the investor/rental market) or place it in the short term rental market in order to recoup the exorbitant tax increase substantially increasing the visitor volume to our unit alone. Your actions will kill the owner occupied real estate market and increase the volume of short term rental units. Multiply this by many if not most owners affected and you've increased your visitor volume by thousands. We, as owner/occupiers already incur additional expenses to maintain our common area and amenities due to wear, tear, abuse and negligence by renters in our respective buildings and cannot afford to absorb a tax increase of this magnitude.

We as owners care about Maui and do not wish to be forced off the Island or to rent out our units in order to stay.

Respectfully,

Linda McKinley
2430 S Kihei Rd
Kihie, HI 96753

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2021 APR 26 AM 7: 49
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County Clerk

From: MJ Properties <mandj.maui@gmail.com>
Sent: Monday, April 26, 2021 9:25 PM
To: County Clerk
Subject: Property tax testimony

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2021 APR 27 AM 7: 41
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COUNTY CLERK

Hello,

I just purchased my condo in Maui in February with my family. We plan to use this as a place to have family vacations, and a place for my parents and parent in laws to come as they enter retirement. This news that our property tax will increase 50% is devastating to us. While we are fortunate enough to have bought a second home, much of which we are extremely grateful for considering that many people around the world have suffered economically. However, we are not by any means rich, we work extremely hard to afford this place with the main goal to bring our families together in this beautiful state. During a time where everything is experiencing extreme inflation, this change will make it even harder for us.

Now let's talk about the other factor of how this impacts Maui's economy - which I know you all are aware but I'm going to reiterate to you regardless. Having lived in Maui since January, I see how much tourism jolts the economy. If the pandemic taught us anything, it showed how much the island relies on tourism to provide wealth to locals. By increasing this tax, this will dramatically increase costs for owners to even break even. As a result, this will increase the cost for tourists to visit Maui. As another note, how does it make sense to tax short term rentals at a higher rate than hotels? The rich continue to stay rich, whereas the middle class continues to drown in taxes. I understand that there will be gradual increases year over year to account for inflation but having such a drastic increase in one year will do more harm than good.

Please consider the hard working families that are just trying to enrich their lives, not trying to make it rich.

Thank you kindly,

The Morsillo and Jackson Families

Jaimie Morsillo
2219 S Kihei Rd A117

County Clerk

From: Gregg Nelson <gm@napilikai.com>
Sent: Tuesday, April 27, 2021 3:54 PM
To: County Clerk
Subject: Real Property Tax Rate Proposal

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2021 APR 27 PM 3:58
OFFICE OF THE COUNTY CLERK

Dear Council Chair Lee and Council Members,

I am communicating to you regarding the Council's proposed RPT rate increase for hotels and resorts. I am totally thunderstruck to learn that the council has singled out hotels and resorts for an astronomical increase in rate this year given the year we have just experienced. This action might have been excusable if members of the council had not been here on island over the past year to also experience the hardships we have all gone through over the past 12 months, however, that wasn't the case. The Council was here and therefore must be well aware that resorts in particular lost many millions of dollars throughout this crisis and our unemployment rate remains well over 10%, the highest in the State. As the primary economic driver for the County's economy, how are we to bring employees back to work and continue the recovery effort the County desperately needs when a burdensome increase in expense such as this tax rate proposal is imposed upon us? An extreme increase of this magnitude is poorly timed and unaffordable for us all.

I request your consideration of a rate more along the lines of what the mayor has proposed in his budget so that we can get on with the work of restoring our economy through growth in business, not through increases in taxes.

Mahalo

Gregg Nelson
General Manager
Napili Kai Beach Resort

Testimony to the Council of the County of Maui regarding property taxes for the Meeting Scheduled on April 28, 2021 6:00 PM

THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2021 TO JUNE 30, 2022

I'm Robin Newbold, a long-term, owner-occupied homeowner of the same Maui home for over 21 years.

I have 2 comments.

1. Recently, home prices around me have spiked significantly as new buyers offer more than the asking price on homes they often haven't even seen. Those dramatically increased sale prices impact "valuation" throughout the community and make it more difficult for long-term Maui homeowners to continue to pay property taxes and thus remain in our homes.

   I ask the County Council to leave property valuation of homes occupied by long-term property owners in place.

2. The dramatic decrease in visitors during the height of the recent pandemic appeared to significantly reduce human impact to Maui's beaches, coral reefs, coastal water quality, fish populations, forests, and other natural resources.

   Thus I suggest that the County increase the property taxes for hotels, which would increase hotel rates and profits for the visitor industry while decreasing the number of visitors on the island. And, it would improve the quality of life for Maui's residents and diversify the type of jobs available to our residents.

   It would also provide more funding for Maui County to spend on environmental restoration and affordable housing, and other projects that will benefit both residents and our visitors.

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County Clerk

From: Anita Norris <amnorris@shaw.ca>
Sent: Wednesday, April 28, 2021 6:03 AM
To: County Clerk
Subject: Tax Rate Increase

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2021 APR 28 AM 7: 43

OFFICE OF THE
COUNTY CLERK

Good morning,

I am writing as an owner of a unit in the Royal Mauian . We as a family are very worried about the impact of this significant proposed ax increase. We have enjoyed sharing so many memories in Maui with our family and are appealing to you as a group to convey how this could impact us as a family as well as so many other families in a similar position. This may put an end to our ability to afford to come to Maui with our family. We try to come to Maui as much as possible, so at the very least this may face us to replace all the weeks we come with renting to guests (if not sell our place).

This would be so upsetting to us as a family and would miss our home away from home very much.

We respectfully ask that you as a group you consider the ramifications of this proposed tax increase on families that have been enjoying this special island for many years who may be forced to sell their properties to invested firms/companies or be forced to give us our time on the island an simply rent to an increased amount of tourists.

Thank you very much for your consideration.

Anita Norris

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Testimony on behalf of
Maui Hotel & Lodging Association

Relating to Real Property Tax Rates for the County of Maui, FY 2021-2022
Public Hearing – Wednesday, April 28, 2021, 6 PM

Aloha Council Chair Lee and members of the Council,

On behalf of the Maui Hotel & Lodging Association, we thank both the Council and the mayor for understanding how the effects of COVID-19 have impacted the visitor industry.

While COVID-19 has created challenging and uncertain times for our employees, we salute them for coming to work and for following stricter and rigorous cleaning protocols to keep our team, our ohana and our visitors safe. The COVID-19 Pandemic has impacted all of us living on the island. Unemployment remains high at 12.2%. We are still trying our best to bring everyone back to work. Financial impacts of operating our business include purchasing PPE for our team, more stringent cleaning procedures and equipment, and lower occupancies.

Our visitor industry is still positioned as Maui's largest tax revenue. We ask you to keep the 2022 RPT increase in line with other vacation classifications and not exceed 1.5%, or $10.86. Please support us on our request.

Mahalo for your time and consideration of my testimony.

Mahalo,

Greg P. Peros

Maui Beach Hotel

County Clerk

From: Vicky Powers <powers.vicky@gmail.com>
Sent: Saturday, April 24, 2021 8:17 AM
To: County Clerk
Subject: Public Hearing April 28, 2021

As an owner of a Short Term Rental in Kihei I wish to appeal to the Council to not increase the property tax rate beyond the current $11.08/$1000.

The appraisal value of our property has increased quite consistently over the years and that seems to be a fair enough way of generating more tax revenue.

As an out of state property owner I support Hawaii taxes in general, but the increases proposed for the Notice of Public Hearing April 28, 2021 seems excessive.

Please do not raise the rate above $11.08/$1000.

Have mercy on the property tax payers of the Maui County.

Thank you.

Vicky Powers
2430 S. Kihei Road
Kihei

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2021 APR 26 AM 7:47
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COUNTY CLERK

County Clerk

From:	Patrick Prevost <patrickmarquise@gmail.com>
Sent:	Sunday, April 25, 2021 3:40 PM
To:	County Clerk
Subject:	Proposed Maui Tax rate increase

Folks,

My Wife Christina have been the Owners of unit #314 at the Royal Mauian at 2430 South Kihei road for the last 10 years. We do not rent our unit and as Canadian citizens do not have the option to live full time in our unit or claim residency. When we learned that are non-rented unit is now being taxed as a rental we felt that it was dishonest and unfair. We are not running our unit as a "for profit" enterprise and have no rental income to offset large increases.

Now we understand that Council is proposing our new short term rental rate increase as much as $16.41 per $1,000. This on top of the reclassification of our unit nearly doubling our taxes. Throw in increased assessed values we are looking at a nearly three fold increase for our home.

It is clear that members of Council are not representing our interests and we feel the approach is uncaring given that we are in the middle of a worldwide pandemic. I would like to take the opportunity to point out that Councils actions may have unintended consequences to our Maui community. These include forcing Owners to sell their properties to Investors as they become unaffordable. Since we purchased our unit we have seen a change in the balance between Owners and Renters. We are two people who are at our unit less than six months a year. Our neighbouring rental units for the same two bedrooms regular have 8 people in the units. These large groups have made it difficult to find a parking spot, increased traffic on Kihei road posing safety risks, increased use of utilities and crowded beaches.

As Owners we feel we are more vested in the community and are committed to environmentally sustainable Tourism. The unfair re-classification of our property and proposed large increase to our property taxes will likely lead us to sell our unit to Investors and will lead to over tourism.

We urge Council to consider these long term impacts and NOT raise the short term rental tax rate. We also ask that you not classify properties that are used solely by Owners as rentals and return us to our previous non-rental status.

Best regards,

Patrick & Christina Prevost
314, 2430 S. Kihei Rd.

Fairmont

MICHAEL PYE
AREA GENERAL MANAGER, HAWAII AND GENERAL MANAGER, FAIRMONT KEA LANI

Fairmont Kea Lani
4100 Wailea Alanui
Wailea, Maui
Hawaii 96753
T + 1 808 875 2256
F + 1 800 875 2247

Relating to Real Property Tax Rates for the County of Maui, FY 2021-2022 Public Hearing

Wednesday, April 28, 2021, 6 PM

Aloha Council Chair Lee and members of the Council,

Regrettably I'm unable to participate during live testimony and respectfully submit the following for your review and consideration.

First, Mahalo for all that you have done for our community during the COVID-19 crisis. This past year has tested patience, forced us to consider once dismissed options and at times required us to take heartbreaking action. Through it all, industry leaders and political leaders have taken measures that were vital to ensuring the long-term health and safety of Maui County.

On behalf of the nearly 700 'Maui resident employees' that I represent at Fairmont Kea Lani (those back to work *and those still at home waiting for the call to return), I thank both the Council and the mayor for recognizing the* impact COVID-19 has had on the visitor industry and this property.

As we come out of this global pandemic, our visitor industry will remain Maui's largest economic driver and source of tax revenue. We acknowledge that change is required and that we must do our part to help diversify the economic engine that drives Maui. This is a long term exercise that must gain momentum, but also, must be cautious, inclusive and strategic.

The Covid-19 Pandemic has impacted all of us living on the island. As you well know, unemployment remains staggeringly high at 12.2%. As our resort occupancy slowly recovers, our deeply negative bank accounts too begin the long climb to positive. Multiple millions of dollars were hemorrhaged last year while we sustained medical benefits and provided other aid to those on our team who were not working. The changed financial impacts of operating our business continues. Examples of the required yet impactful measure include, reduced restaurant capacities, social distancing statutes, more stringent cleaning protocols and increased staffing ratios on vastly lower occupancies. We do not complain as this is the 'Next Normal' and we have a responsibility to be pono.

I was disheartened and greatly troubled to learn of your proposed RPT increase on Hotels. **In submitting your FY2021-2022 budget, I ask you to keep the 2022 RPT increase in line with other vacation classifications and not exceed 1.5%, or $10.86.** This request is targeted at allowing us to regain our footing and bring our resident employees back to work. Supporting the industry and the Fairmont Kea Lani recovery through tax consideration would help ensure a thoughtful recovery and reinforce our commitment and action to sustainable and responsible tourism.

I respectfully appreciate your consideration of my testimony.

Regards,

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2021 APR 26 AM 7:49

OFFICE OF THE COUNTY CLERK

Date: April 26, 2021

To: Maui County Council

Re: Testimony for Public Hearing on Real Property Tax Rates – April 28, 2021

This testimony is submitted by the Royal Mauian Board of Directors on behalf of the 107 units that comprise the Royal Mauian Association of Apartment Owners, 2430 South Kihei Road, Kihei, HI.

As the Council votes on the tax rate structure for the 2021/22 fiscal year, we respectfully request that Council consider the impact of increased rates on our owners, many of whom have been significantly impacted by the pandemic over the past year. Our property is comprised of:

- Combined short term rental / residential use by owner: 77 units
- Part year residents who do not rent at all: 22 units
- Owned/occupied by full time residents of Hawaii: 8 units

Those who offer their units for rent had to forego significant income for most of 2020 while still having to pay mortgages, property taxes and association dues. Simply put, most can ill afford a short term rental tax increase, especially this year.

Nearly 30% of our owners do not rent their units. In fact, our declaration currently states that Royal Mauian units *"<u>are intended to be used as residential units,</u> but such units may be leased or rented <u>from time to time</u> to transients"*. Many of these non-renting owners have held their units for decades, some even as original family owners. Others purchased their units with the understanding that this is a residential building. Yet now the County Council has decided to classify all of them as short term rentals <u>and</u> potentially tax them at an even higher rate, which could effectively triple their taxes year over year.

Finally, nearly half of all Royal Mauian units, regardless of classification of use, experienced increases in assessed valuation, again further compounding the financial impact of higher property tax rates.

As a Board entrusted by our owners to represent their interests, we respectfully request that the Council not raise the short term rental tax. Further, we request that the Council repeal its decision to reclassify non-renting units as short term rentals for property tax purposes.

Sincerely,

The Royal Mauian Board of Directors
2430 South Kihei Road
Kihei, HI 96753
RMAOAO@gmail.com

County Clerk

From:	Jen Russo <jenrusso@me.com>
Sent:	Wednesday, April 28, 2021 8:05 PM
To:	Kelly King; Keani N. Rawlins; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara A. Paltin; Shane M. Sinenci; Yukilei Sugimura; Gabe Johnson; County Clerk
Subject:	RE: Maui County Budget Hearings -Testimony in Support fair tax rates

RECEIVED 2021 APR 28 PM 8:05 OFFICE OF THE COUNTY CLERK

Dear Committee Chair Keani Rawlins-Fernandez and Budget Committee Members,

RE: Proposed Tax Rates

Thank you for the opportunity to speak to the proposed rates. I really appreciate the time you have devoted to this process.

On Friday the budget committee voted for an increase in the short term rental rates to find an additional $4.4 million for affordable housing in Maui County. Vacation rentals will raise $142 million dollars, the largest source of funding, with 5.6 million going to the affordable housing fund. Using these rates the STR class will generate 37% of Maui's real property taxes up from 30% last year. Short term rentals have seen increases in the rates every year for the last 3 years.

We want the actions toward Maui's affordable housing to be bold, and we support affordable housing. Finding vacation rentals as a source for funding in the county budget is not new, in fact as an industry vacation rentals have been the biggest source of funding for the affordable housing fund on Maui raising more than $7 million over the last 3 years.

Vacation rentals support a diverse and sustainable budget, focusing on community values. We also support parity in our visitor accommodation property taxes. The current proposed FY 22 revenue from the Budget committee realizes a proposed revenue per unit for short term rental at $10,500, timeshare at $10,200, and hotel/resort at $3,800. It could be more balanced.

I think an unintended consequence of focusing on rates alone is that the actual tax revenues aren't as looked at. The resort/hotel classification enjoyed a 19% decrease in taxable valuation, for FY22. So even at the increased rate to $11.75 this will still result in a lower tax bill this year over last year for these properties.

Further the total amounts of tax revenue coming in from our homeowner residents exceeds the amount of tax revenue from resort/hotel classification. Homeowners are generating $33 million towards the budget, $4 million more than resort/hotels $29 million.

As a result you are asking your voter base, the maui homeowners to pay more into the Affordable Housing fund than the resort/hotel classification. Homeowners will pay $1.3 million and Resort/hotel will pay $1.1 million. Is it the intent of this body to have homeowners paying more than resorts? I think this fosters the kind of resentment that we see against the visitor industry.

Mayor victorino recently said that changing the nature of our visitor industry can be done through cooperation and collaboration between the public and private sector. I believe the 142 million raised by vacation rentals and projected 5.6 million raised for affordable housing by vacation rentals is an example of the commitment of this industry to collaboration and cooperation.

As you make future decisions on upcoming legislation please consider how much short term rentals contribute to Maui's community and economy. Please do not raise rates further.

The Maui Nui Destination Management Plan points out vacation rentals are an important part of the quality brand that Maui visitors industry has. Maui's vacation rental industry is a significant part of the economic recovery for the county, and ensures economic sustainability for the community while preserving quality for residents and visitors.

County Clerk

From: CH SCHMIDT <bucablue21@gmail.com>
Sent: Wednesday, April 28, 2021 4:37 PM
To: Kelly King; Keani N. Rawlins; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara A. Paltin; Shane M. Sinenci; Yukilei Sugimura; Gabe Johnson; County Clerk
Subject: RE: Maui County Budget Hearings - I support fair tax rates

Dear Committee Chair Keani N.W. Rawlins-Fernandez and Budget Committee Members,

RE: Proposed Tax Rates

Thank you for the opportunity to speak to the posted real property taxes proposed I am an 82 year old single woman who has run a short term shared living Air BnB in my condo.for the past 4 years. The proceeds from this shared short term rental help me to supplement my social security and small income from substitute teaching in the Maui elementary school system.. The high taxes and illegal short term rentals are slowly driving me out of the market.. The guests that rent my accommodations are not the affluent guests that could afford hotels.
The illegal short term rentals are your source of extra income: nott the reliable tax paying legal owners. It is not my fault that the County of Maui has no way to find these rentals. Everyone in the market knows who they are and where they are. Please put you focus on the landlords who escape your tax system and not on the ones who try to abide by your tax rules.

Carole Schmidt
2619 S. Kihei Rd B 406
Kihei, Hi 96753

RECEIVED
2021 APR 28 PM 4: 54
OFFICE OF THE
COUNTY CLERK

County Clerk

From: ira sealy <sealy.1225@hotmail.com>
Sent: Tuesday, April 27, 2021 1:39 PM
To: County Clerk
Subject: Tax Increase

To whom it may concern! As owners of a 832 sq ' condo in the Royal Mauian, my wife and myself as seniors and having our 2nd home in Maui for over 25 years think this proposed tax increase of chapter 3.48 is the most degrading insult to the aloha and property owners that this council has ever conceived. We use our unit along with our family/ business associates and friends of our ohana, which makes us a non-resident nothing in your eyes.

We strongly opposed to this increase as owners and feel it unjust/unfair and must be other ways to increase revenue for Maui.... Why not just charge a consumption tax of 5cents to every dollar at the time of purchase- that way everybody pays the same-visitor or resident or even YOU on this council!

Our hearts our sadden of losing something so dear to us and being part of what we thought 'HAWAII'........

Aloha. Ira & Sue Sealy —- unit 215, Royal Mauian

<webkit-fake-url://5759d362-c6cb-4b56-9291-a946d145d1ca/imagejpeg>

RECEIVED
2021 APR 27 PM 2:03
OFFICE OF THE
COUNTY CLERK

County Clerk

From: Bob Searle <bsearle007@hotmail.com>
Sent: Sunday, April 25, 2021 11:50 AM
To: County Clerk
Subject: RE Property Tax Classification

We are the owners of apartment 213D at Kihei Akahi Condominium. We have been visiting Maui since 1980 and have owned our unit since 2010. We stay in our apartment 4-5 months a year, and do not rent it out.

We were recently surprised and disappointed to find out that County Council last November eliminated our property tax category of Non Owner Occupied for FY 2021 and reclassified our unit as Short-Term Rental property despite the fact that we do not ever rent it out. This effectively doubles our real estate tax in one year.

The idea of unfairly categorizing a property based on the activity of a neighbor is abhorrent and unjustifiable., (i.e. almost all the units in a complex are renting their ohana, therefore everyone will be taxed based on the same criteria.) This would not even be thought of, in an example such as the Maui Meadows neighborhood. Why is it being proposed for condominium developments?

We now find out that Council is considering a range of property tax rates for FY 7/1/21-6/30/22 that would considerably increase our RE tax. This would be unconscionable.

It appears that Council is trying to force out non-renting condo owners like us by raising RE taxes so radically that we may be left with no choice but to sell our property to investors who will rent out the property to large numbers of visitors each year. This does not appear to be consistent with Council's stated goal of sensible future management of tourism on Maui.

We strongly urge Council not to raise the short-term rental tax rate for FY 2021-22.

We further request that Council consider permitting a non-renting owner to reclassify their unit back to a non-renting classification next year.

Respectfully submitted,
Robert Searle

RECEIVED
2021 APR 26 AM 7:48
OFFICE OF THE
COUNTY CLERK

County Clerk

From: Paul Seymour <seymourpa@gmail.com>
Sent: Monday, April 26, 2021 5:40 PM
To: County Clerk
Subject: Tax Rate Increase - Maui County

Maui County Council

Subject: Written Testimony for Public Hearing on PropertyTax Rates

I represent a trust that has owned unit 415 at the Royal Mauian Condominium Complex in Kihei since 1973. In the past 48 years we have never rented our condominium, in fact our trust agreement does not allow us to do so. Nevertheless for unknown reasons our tax classification was changed for 2021 / 2022 from Non-Owner Occupied to Short Term Rental.

This change of classification in addition to the rate increases proposed for each tax classification plus an expected increase in the assessed value of the unit could triple our tax bill in one year. This seems very unreasonable and we not only intend to appeal the change in classification but want to express our disapproval of the proposed tax increase for 2021 / 2022.

Sincerely,

Paul Seymour / Trustee Royal Mauian 415 Trust
14304 SE Vista Heights St Happy Valley OR 97086
503 502 6696

RECEIVED
2021 APR 27 AM 7: 41
OFFICE OF THE
COUNTY CLERK

County Clerk

From: PATRICK E SHANNAHAN <h2oav8r@comcast.net>
Sent: Tuesday, April 27, 2021 12:51 PM
To: County Clerk
Subject: Vacation rentals 2021 property tax

As I am unable to attend the public hearing on April 28, 2021, I am submitting this message in lieu of testifying at the meeting.

I am an owner of a short-term rental condo in Kihei, Maui. I paid many thousands of dollars in property taxes during 2020 and it is my understanding that my property tax bill may increase substantially as a result of this hearing. I am appealing to the Council of the County of Maui to defer any significant tax increase at this time. Owners like me went for 9-10 months in 2020 with no short-term rental income due to the Covid-19 pandemic and associated shut-down of the Island to visitors. I lost over $47,000 in rental income in 2020 due to reservation cancellations. Once the Safe Travel program was initiated in Maui in late 2020, it took a while before visitors began booking vacation rentals again, so my income in 2021 will also be low. It has been extremely hard for owners of short-term rental properties to pay all expenses associated with the properties without the income that the properties would normally produce. A large increase in property taxes at this time will be yet another significant hardship for small business owners like me.
I understand that property taxes must increase over time as a source of funding for the County; however, I hope the Council will approve a more gradual increase over the upcoming years in recognition of the devastating impact the pandemic has already had on the short-term rental business.

Mahalo,
Patrick Shannahan

RECEIVED
2021 APR 27 PM 1:03
OFFICE OF THE
COUNTY CLERK

From: Maggie Sheldon <maggiemcblake@yahoo.com>
Sent: Sunday, April 25, 2021 8:58 AM
To: County Clerk
Subject: Short Term Rentals

It recently came to my attention that condos that are Owner Occupied at the Royal Mauian will now be taxed as Short Term Rentals.

My sister and I finally obtained our dream Condo. We purchased it under Owner Occupied and had no plans to ever rent it out. The former owners wanted to rent it for $6000.00 for a month and we declined so we would not jeopardize our Owner Occupant status.

We remodeled the unit using local services that Maui/Kihei had to offer.

We follow all the rules, mandates and are courteous owners.

This increase of taxes would likely impact our ability to keep our dream situation.
Not only we would we be paying taxes to Maui, but to Oregon also.
This would be double taxing us when we in good faith purchased the Condo as an Owner Occupied unit.

Those of us, I believe 20 plus units, should not be punished by this unfair tax.

The Royal Mauian has been our special spot for over 20 years and our dreams of Maui could be crushed.

Maggie Sheldon
2430 S Kihei Rd Kihei HI
96753 US

12407 SE 124th Ave
Happy Valley OR 97083
Sent from my iPad

RECEIVED
2021 APR 26 AM 7:48
OFFICE OF THE
COUNTY CLERK

County Clerk

From: Gloria Simmons <gloriaas2468@gmail.com>
Sent: Tuesday, April 27, 2021 6:16 AM
To: Kelly King; Keani N. Rawlins; Tasha A. Kama; Alice L. Lee; Mike J. Molina; Tamara A. Paltin; Shane M. Sinenci; Yukilei Sugimura; Gabe Johnson; County Clerk
Subject: RE: Maui County Budget Hearings - I support fair tax rates

Dear Committee Chair Keani N.W. Rawlins-Fernandez and Budget Committee Members,

RE: Proposed Tax Rates

Thank you for the opportunity to speak to the posted real property taxes proposed. My biggest concern is how unbalanced this is. As usual, the big guys with millions of dollars in their pockets (hotels) get to pay the least in taxes . The little guy like me, 72 years old, hoping to live in Maui after full retirement , gets to pay the most, earning the least after taxes and costs of maintaining a lovely condo for my guests. That just is not the aloha I expected from Maui.
Gloria Simmons
Owner
Nani Kai hale 204

TESTIMONY FOR PUBLIC HEARING ON PROPERTY TAX RATES - APRIL 28, 2021

We are residents of Kihei for part of the year. We do not rent our condo and never have.

We strongly object to any increase in the short term rental tax rate. In fact, the first injustice was done when the Council made the decision in November to reclassify our unit and others “from non-owner occupied” to “short term rental” . This decision alone DOUBLES our taxes from $12,600 to $23,300 – and that is only if the 2020 tax rates are held. But we don’t even rent our unit.

Now the Council is contemplating increasing the rate as well! At the $16.41 upper limit that is on the proposal, our taxes would increase to $34,500. We are retired, have no pensions and carefully planned our savings to live the rest of our lives on. This increase is overwhelming and could force us to sell.

Who will buy our condo? Likely, investors renting to tourists. So instead of the two of us residing in Maui for part of the year, respecting the aina and living quietly among island residents, an investor will buy our unit to host six to eight tourists every day – with a week long vacation, that’s 300-400 more people per year on the island instead of two – and their rental cars, water and electric use, trash and sewage they generate. That makes no sense with the Council’s stated vision of realigning the tourist/resident ratio for a sustainable future.

Like many in Kihei, our complex happens to be in the hotel/resort zone – it is neither a hotel nor a resort. The Royal Mauian declaration states that it is a residential building with transient rentals allowed from time to time. Thirty percent of the units are not rented! But since short term rentals are “allowed”, the Council decided that we should all be reclassified to this category. There was no warning this was coming or grandfathering those of us who already invested in this property. As individuals, we have no ability to change the zoning or outlaw short term rentals by others.

There are several other complexes that are also in the hotel/resort zone that did not get reclassified. Purportedly it is because their declarations don’t allow short term rentals – at least that the County is aware of. You will allow their declaration to state that they do not rent short term and believe it but you will not afford us the same right. This is unequal treatment.

There are condos near us that allow short term rentals but have units claiming long term renters so the units remain at non-owner occupied status. Yet some of these same condos are readily found on the internet just this week for short term rental. That owner gets a tax break and rents short term. Yet we do not rent and get taxed as if we do.

We are only five years into our lifelong dream to spend part of our retirement years on this beautiful island. We are devastated that the actions of the County Council may shatter our plans. We ask you to do what is right - reconsider what your decisions have done and are doing to people like us. And to the future of Maui.

We appreciate this opportunity to show you that this is about more than just a list of properties with classifications and dollar amounts. We are real people who support local business and charities, who shop alongside you at Safeway, who sit next to you in church,. We will miss you if we leave.

Mary and Paul Sipes

RECEIVED
2021 APR 27 PM 3: 58
OFFICE OF THE
COUNTY CLERK

County Clerk

From: Shelly Cave <shellyacave@gmail.com>
Sent: Monday, April 26, 2021 4:24 PM
To: County Clerk
Subject: Maui Tax Rate Increase: Urgent Call to Action Please

RECEIVED

2021 APR 26 PM 4: 29

OFFICE OF THE
COUNTY CLERK

Aloha,

We are owners of a condo unit at the Royal Mauian in Kihei. Please note that we are owners who **DO NOT** rent our unit and it was purchased solely for our personal use.

We are Canadian citizens and do not have the option to claim Hawaii residency, or even be in the United States for more than six months of the year. We have been coming to the Royal Mauian for the past 40+ years and have always stayed at the Royal Mauian. We are now fortunate to own a unit that we enjoy each winter. In the remaining months of the year, it is not used and remains vacant. We have recently learned that the Maui County Council made a decision last November to reclassify our Royal Mauian unit as a short term rental, regardless of the fact that we do not rent it at all. This classification change is already in effect for our unit as shown on the Maui County property tax website. This is of great concern to us as we have already been impacted with a near doubling of our taxes as a result of the Council's decision in November to reclassify our unit from Non-Owner Occupied to Short Term Rental. We believe that this decision was unethical as it does not reflect our actual use. We have no rental income to offset the large increase.

Now the Council is proposing short term rental rate increases to as much as $16.41 per $1000. Many units have also seen an increase in their total assessed value. The combination of increased assessed value, the reclassification decision already enacted, and this proposed rate increase could collectively nearly triple our property taxes from last year's amount.

In the COUNCIL'S 3 MINUTES which was published in the Maui News on April 10, 2021, Tamara Paltin talks about overtourism. *"The draft plan endorses "best practices for tourism management in West Maui" and is intended to "support the community's vision." In West Maui and thoughout the county, the community envisions a future free from overtourism."* **Do these tax increases not completely contradict that vision? By raising the tax rates almost three-fold from last year, Council is actually promoting the practice that Tamara Paltin states they are trying to restrict. In order to afford the taxes, this Council is actually placing owners in a position where they will be forced to rent their units in order to afford these tax increases. This sudden and extreme change in expenses for part-year non-renting residents will force some to sell their units, and most likely to probable investors. This will also increase the amount of tourists in West Maui which is in direct opposition to the Council's stated goals for more balanced and controlled tourism. How can this Council say they want to stop overtourism when these tax increases actually help to promote it? In our opinion, the Council should be ashamed of themselves and consider the hypocrisy of their actions.**

We strongly urge the Council to consider the long term impact of its actions. Please do not raise the short term rental tax rate and please consider allowing us to reclassify our units back to non-rental next year.

Allan & Sharon Slaughter
Unit #514 (Royal Mauian)

County Clerk

From: Kelly Sterling <Kelly@ESKAdvisors.com>
Sent: Monday, April 26, 2021 3:46 PM
To: County Clerk
Subject: Property Tax Hearing

RECEIVED

2021 APR 26 PM 3:54

OFFICE OF THE COUNTY CLERK

Maui County Council

Subject: Written Testimony for Public Hearing on Property Tax Rates

Thank you for taking my written testimony. We have been the owners of unit 415 at the Royal Mauian Condominium Complex in Kihei since 1973. In the past 48 years we have never rented our condominium, in fact our trust agreement does not allow us to do so. Nevertheless our tax classification was changed for 2021/2022 from Non-Owner Occupied to Short Term Rental. This change of classification in addition to the expected increase in the assessed value of the unit will triple our real estate tax assessment.

The broad-brush classification of every unit in our complex as short term rental units, regardless of the actual use of the unit, is unfair and nonsensical. It will force longstanding low-impact property owners like ourselves to sell our units to investors who will bring in more short-term tourists. This is the exact opposite of the affect desired by the County. It seems that requiring short-term rentals to register with the County and basing classification upon the actual use of the unit would more appropriate.

We respectively request that you consider alternative procedures for determining property classifications.

Best regards,

Wm. Kelly Sterling /Trustee Royal Mauian 415 Trust
206-786-4788

Wm. Kelly Sterling, CPA, MST
Tel: 206-275-4228 | Fax: 206.275.4231

7525 SE 24th Street, Suite 110
Mercer Island, WA 98040
EVERGREEN
STERLING KUDER

County Clerk

From:	Robin Terentiuk <rterentiuk@shaw.ca>
Sent:	Sunday, April 25, 2021 9:05 AM
To:	County Clerk
Subject:	TO: MAUI COUNTY COUNCIL MEMBERS

RECEIVED
2021 APR 26 AM 7:48
OFFICE OF THE COUNTY CLERK

TO: MAUI COUNTY COUNCIL MEMBERS

RE: TESTIMONY FOR PUBLIC HEARING ON PROPERTY TAX RATES - APRIL 28, 2021

In 1977 my late husband and I bought Apartment 617 at the Royal Mauian in Kihei.

Since 1981 I have spent a significant part of every year living in this apartment and the apartment has not been rented. The County decision in November to change my property tax category to short term rental was an unpleasant surprise. The result is that my property tax cost is almost doubled. As an elderly widow with no desire to rent my apartment I have no way to offset the increased expense of my beloved second home. In addition as a Canadian I am restricted to a maximum of 6 months in the USA and I cannot become a permanent resident of Hawaii to reduce the tax my tax costs that way.

I write to you today to ask that you be aware of the enormous impact these changes have on Maui property owners like me.

Please do not raise the short term rental tax rate this year.

In addition I request that the County please allow those of us who never rent to reclassify our units back to non-rental next year.

Sincerely

Robin Terentiuk

--
rterentiuk@shaw.ca

County Clerk

From: Steve Tervooren <aktervoorens@gmail.com>
Sent: Saturday, April 24, 2021 9:53 AM
To: County Clerk
Subject: Written testimony for 4/28/21 Public Hearing

Please accept the following as my pre-filed written testimony and include in Council Member packets for the April 28, 2021 public hearing re: THE REAL PROPERTY TAX RATES FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR. I offer 2 points for Council Member consideration when any ordinance is finalized for vote:

1. I understand the intent of the long term rental exemption to be to encourage owners to dedicate residential properties to long term rental and, conversely, to discourage short-term rental usage. That is a policy decision above my pay grade. However, the current requirements are deficient in one respect. Many standard long term leases provide for a term of 12 months (or more) but, at the end of the initial term, go month to month. In my case. I have a lease in effect which began with an 18-month term, but provided at the end of 18 months it would go month to month. The same tenant has remained in place for over five years now. That is precisely the outcome sought by the long term rental exemption. However, the exemption language indicates that "month to month" leases do not qualify. The intent of that exclusion is to preclude landlords from entering month to month leases and claiming they intend them to become long term. That intent is understandable. My concern is that by excluding "month to month" leases from qualifying for the long term rental exemption, those reviewing submitted lease copies along with the exemption application may see that what was a bona fide long term lease is technically now month to month, and reject the application. If so, those within the intended scope of the exemption may be screened out due to the ambiguity of the "month to month" language in the context of leases that had initial terms of at least 12 months. Compounding the problem, such language may have the opposite effect of that desired -- it may lead to some landlords terminating leases of long term tenants who will not sign off on a new, additional 12 month term rather than continue under their existing lease. The problem with the language can be cured by drafting from County Counsel. i suggest simply adding a parenthetical following the reference to "month to month: -- "(leases which included an initial term of not less than twelve (12) months and have thereafter become month to month leases are eligible for the long term rental exemption if a tenant remains in occupancy and has been in occupancy for at least twelve (12) months)" or similar.

2. Just an observation - If the intent of raising rates so high on short term rentals is to pressure owners to sell (in theory to put more housing inventory on the market) the effect is unlikely to be enabling low income homeowners or renters to purchase. Rather, the likely outcome will be that current owners unable or unwilling to bear such high tax rates will simply have to lower prices and units will then be purchased by replacement short-term landlords who pencil returns based on the lower prices). The economics are not likely to do anything in terms of getting more home-ownership, but simply to create market value losses, which will in turn warrant lower tax receipts on all units in the future, and potentially cause new owners to turn out existing renters or raise rents when they purchase from those forced to sell due to tax increases. Social engineering is something on which reasonable minds may differ, but is often short-sighted, does not achieve the primary objective, and sometimes causes unintended negative consequences. I do not expect to be in the highly-taxed short term rental category, and thus have no agenda, but can see the proposed rate increase as driven by good intentions with potentially damaging results.

RECEIVED
2021 APR 26 AM 7:47
OFFICE OF THE
COUNTY CLERK

WAILEA BEACH
RESORT
MAUI

RECEIVED
2021 APR 28 AM 7: 43
OFFICE OF THE
COUNTY CLERK

April 27, 2021

RE: Real Property Tax Rates for the County of Maui, FY 2021-2022

Aloha Council Chair Lee and members of the Council,

As an Upcountry resident, my family and I are appreciative of your efforts during the COVID-19 crisis. Supporting our community has been such an important priority to ensure residents' well-being, health and safety. I thank the Council for understanding that the effects of COVID-19 have impacted our visitor industry associates and related businesses.

Our visitor industry is still positioned as Maui's largest economic driver and source of tax revenue. The Covid-19 Pandemic has impacted all of us living on the island. Unemployment remains high at 12.2%. Resorts occupancies continue to recover while our businesses currently sustain medical benefits and provide other aid to those not working. Financial impacts of operating our business include social distancing statutes, more stringent cleaning protocols, and vastly lower occupancies.

In submitting your FY2021-2022 budget, we ask you to keep the 2022 RPT increase in line with other vacation classifications and not exceed 1.5%, or $10.86. Our request is aimed at addressing our immediate needs. Supporting the industry's recovery through tax consideration would help ensure a thoughtful recovery and reinforce our commitment to sustainable and responsible tourism.

I respectful appreciate your consideration of my testimony.

Sincerely,

Angela Vento
General Manager
Wailea Beach Resort

RECEIVED
2021 APR 27 AM 7: 41
OFFICE OF THE
COUNTY CLERK

April 27, 2021

County.clerk@mauicounty.us

Council of the County of Maui:

I am in receipt of the Real Property tax rates for the County of Maui for the fiscal year July 1, 2021 to June 30, 2022. We own two properties on Maui, one at Ekahi and one at Wailea Point. We do not rent these properties. We use them for ourselves, family and friends. The two properties are occupied less than one-third of the year. We don't put any requirements on the Police force, Fire Department, very little on the water, sewer and garbage utilities. We should be taxed at the Owner Occupied rate. How we can be classified as "Non Owner-Occupied" is beyond me. This is an outrageous overreach by your local government to tax those who do not vote in your election. Keep in mind what happened to your economy when Covid-19 shut down your businesses. The people who need your services are the ones who should pay for them. This is certainly an example of "Taxation without Representation".

Thank You,

Tim Welsh

James T. Welsh

County Clerk

From: neda west <nedawest@hotmail.com>
Sent: Tuesday, April 27, 2021 12:24 AM
To: County Clerk
Subject: Potential Increase in Property Tax Rates for Short-Term Rental Condos

As I am unable to attend the public hearing on April 28, 2021, I am submitting this message in lieu of testifying at the meeting.

I am an owner of a short-term rental condo in Kihei, Maui. I paid over $6,200 in property taxes during 2020 and it is my understanding that my property tax bill may increase substantially as a result of this hearing. I am appealing to the Council of the County of Maui to defer any significant tax increase at this time. Owners like me went for 9-10 months in 2020 with no short-term rental income due to the Covid-19 pandemic and associated shut-down of the Island to visitors. I lost over $45,000 in rental income in 2020 due to reservation cancellations. Once the Safe Travel program was initiated in Maui in late 2020, it took a while before visitors began booking vacation rentals again, so my income in 2021 will also be low. It has been extremely hard for owners of short-term rental properties to pay all expenses associated with the properties without the income that the properties would normally produce. A large increase in property taxes at this time will be yet another significant hardship for small business owners like me.

I understand that property taxes must increase over time as a source of funding for the County; however, I hope the Council will approve a more gradual increase over the upcoming years in recognition of the devastating impact the pandemic has already had on the short-term rental business.

Mahalo,
Neda West

RECEIVED
2021 APR 27 AM 7:41
OFFICE OF THE
COUNTY CLERK

County Clerk

From: Fred Wood <afrederickwood@yahoo.com>
Sent: Sunday, April 25, 2021 5:07 PM
To: County Clerk
Subject: Public Hearing 4/28/2021

RECEIVED
2021 APR 26 AM 7: 49
OFFICE OF THE COUNTY CLERK

We are the owners of apartment 414 at Royal Mauian Condominium. We stay in our apartment 4-5 months a year, and do not rent it out. We have been visiting Maui annually since 1967, and we have generously supported a number of Maui non-profit organizations over the years, including the Maui Coastal Land Trust, now The Hawaiian Islands Land Trust, The Maui Arts and Cultural Center, The Maui Pops Orchestra, The Maui Food Bank, and a number of other Maui non-profits.

We were recently stunned to find out that County Council last November eliminated our property tax category of Non Owner Occupied for FY 2021 and reclassified our unit as Short-Term Rental property despite the fact that we do not ever rent it out. Along with a significant recent increase in our total assessed value, this effectively doubles our real estate tax in one year.

We now find out that Council is considering a range of property tax rates for FY 7/1/21-6/30/22 that could triple our 2020 RE tax. This would be unconscionable.

It appears that Council is trying to force out non-renting condo owners like us by raising RE taxes so radically that we may be left with no choice but to sell our property to investors who will rent out the property to large numbers of visitors each year. This does not appear to be consistent with Council's stated goal of sensible future management of tourism on Maui.
We strongly urge Council not to raise the short-term rental tax rate for FY 2021-22, and we further request that Council consider permitting us to reclassify our unit back to Non Owner Occupied next year.

Respectfully submitted,

Fred & Carolyn Wood
Owners Royal Mauian #414

Sent from my iPad

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2021 APR 27 PM 3:08

OFFICE OF THE
COUNTY CLERK

SHERATON
Maui Resort & Spa

Relating to Real Property Tax Rates for the County of Maui, FY 2021-2022

Aloha Council Chair Lee and members of the Council,

Mahalo for all that you are doing for our community during the COVID-19 crisis. It is heartening to see our leaders taking the measures vital to ensuring our health and safety. Thank you to both the Council and the mayor for understanding that the effects of COVID-19 have impacted the visitor industry.

Our visitor industry is still positioned as Maui's largest economic driver and source of tax revenue. The Covid-19 Pandemic has impacted all of us living on the island. Unemployment remains high at 12.2%. Resorts occupancies continue to recover while our businesses currently sustain medical benefits and provide other aid to those not working. Financial impacts of operating our business include social distancing statutes, more stringent cleaning protocols, and vastly lower occupancies.

In submitting your FY2021-2022 budget, we ask you to keep the 2022 RPT increase in line with other vacation classifications and not exceed 1.5%, or $10.86. Our request is aimed at addressing our immediate needs. Supporting the industry's recovery through tax consideration would help ensure a thoughtful recovery and reinforce our commitment to sustainable and responsible tourism.

I respectful appreciate your consideration of my testimony.

Sincerely,

Tets Yamazaki

General Manager

Sheraton Maui Resort & Spa

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2021 MAY 13 PM 5:23
OFFICE OF THE
COUNTY CLERK

MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

Testimony on Real Property Tax Rates
For Fiscal Year 2022
Friday, May 14, 2021

Dear Chair Lee, Vice-Chair Rawlins-Fernandez and
Members of the Maui County Council,

We strongly support the Council's decision to leave several of the classifications like Commercial, Industrial, Agricultural, Apartment, Conservation and Commercialized Residential the same. For businesses who have faced extreme losses over the last year and are trying to bring back their employees, this is beneficial to them.

We also appreciate that you looked at ways to further support affordable housing and rentals from the Non Owner Occupied classification with higher rates at the highest tier. Mahalo to Member Paltin for letting us know that it is possible for the rate tiers to be different for each classification. Given this, we stand by our previous testimony to increase the lowest tier for Owner-Occupied to $1,000,000. We believe that gives better flexibility for protecting full-time residents. Additionally, we also feel a tax credit for verified full-time residents with proof of residency would be another great tool to help differentiate between the categories.

Lastly, we are concerned by the extreme increase in the Hotel/Resort classification. Other than the highest tier for Non Owner Occupied, this was the largest increase. Hotels and resorts were some of the hardest hit businesses in 2020 and many were just starting to see the beginnings of recovery over the last 3 months. The visitor industry has been targeted in several areas such as, eliminating the Maui Visitors Bureau budget, the visitor accommodations moratorium and bills to decrease HTA's budget and capacity at the state level. However, we now know more than ever that we need the visitor industry to shore up our economy. We ask that you reconsider and lower the rate for the Hotel/Resort classification.

Mahalo for the opportunity to provide testimony on the proposed real property tax rates.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

62 North Market Street, Suite 302, Wailuku, Hawaii 96793 808-244-0081 legislation@MauiChamber.com MauiChamber.com

County Clerk

From: Syl Cabral <sylviacabralmaui@gmail.com>
Sent: Saturday, May 01, 2021 12:50 AM
To: County Clerk; mayors.office@mauicounty.gov; Brian.Perry@co.maui.hi.us
Subject: Fwd: tir97-1.pdf residency for affordable housing
Attachments: tir97-1.pdf; what about us.jpg

Subject: tir97-1.pdf residency for affordable housing
I see 12 months residency required to go to UH Maui.
Residency could require working on Maui a certain number of years.
Think about your family members working 40 hours weeks in state, county, offices, hotels, etc etc averaging $40k per year supporting children, having school loans, car payments. What about a single mother or father? Human Beings. Not Gods.

RECEIVED
2021 MAY -3 AM 8:09
OFFICE OF THE
COUNTY CLERK

BENJAMIN J. CAYETANO
GOVERNOR

MAZIE HIRONO
LT. GOVERNOR

RAY K. KAMIKAWA
DIRECTOR OF TAXATION

SUSAN K. INOUYE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

March 3, 1997

TAX INFORMATION RELEASE NO. 97-1

RE: Determination of Residence Status

This Tax Information Release (TIR) is intended to provide taxpayers with further guidance in determining their residency status, and is based on section 235-1, Hawaii Revised Statutes (HRS) and section 18-235-1, Hawaii Administrative Rules (HAR) (1982).

I. In General

For Hawaii State income tax purposes, a resident is defined as:

(1) Every individual domiciled in Hawaii, and

(2) Every other individual whether domiciled in Hawaii or not, who resides in Hawaii for other than a temporary or transitory purpose.

A nonresident is defined as every individual other than a resident.

The status of an individual as a resident or nonresident is determined by all of the factual circumstances.

II. Establishing Residence by Domicile

An individual who is domiciled in Hawaii is considered a resident. Domicile is the place of the individual's true, fixed, permanent home and principal establishment, and to which place the individual has the intention of returning whenever the individual is absent. An individual can have several residences or dwelling places, but an individual can only have one domicile at a time. An individual's domicile may change where there is a concurrence of: (1) an abandonment of the old domicile with a specific intent to abandon the old domicile, (2) an intent to acquire a specific new domicile, and (3) an actual physical presence in the new domicile.

An individual can acquire a domicile by birth, choice, or operation of law.

A. Domicile by Birth

"Domicile by birth" is acquired by every individual at birth and continues until replaced by the acquisition of another domicile. A child is given the domicile of the child's parents at the time of the child's birth. A domicile by birth, however, may not be the same place where the child is born. If the domicile of the parents is other than where the child is born, the parents' domicile is the domicile of the child.

If a child is born to parents who have different places of domicile, the child's domicile will generally be the same as the domicile of the parent who is able to claim the child as a dependent.

Example 1: A, a domiciliary resident of Hawaii, married a domiciliary resident of Oregon. Their first child was born in Hawaii and their second child was born in Texas. A files a separate Hawaii resident income tax return. A is able to claim both children as dependents.

Conclusion: Both children are deemed to be domiciliary residents of Hawaii since A, a domiciliary resident of Hawaii, is able to claim both children as dependents.

B. Domicile by Choice

"Domicile by choice" is a domicile chosen by an individual to replace the individual's former domicile. An individual can acquire a domicile by choice when (1) the individual is no longer eligible to be claimed as a dependent on another person's federal or Hawaii income tax return, and (2) the individual has reached the legal age of majority in Hawaii. The individual may then voluntarily establish the place of the individual's domicile wherever he or she may be. In doing so, however, the individual must meet all the requirements of law for the purpose of establishing a new domicile.

Example 2: B was born in Honolulu to domiciliary residents of Hawaii, attended grade school and high school here, then lived on the mainland while attending college for 4 years. During this period, B did not own any property in Hawaii, did not vote in Hawaii, had no bank or savings accounts in Hawaii, and did not belong to any church, social or business groups or associations. Upon B's graduation from college, B decided to make his home in California and B did, in fact, establish permanent domicile there. B bought a home, voted in California elections, became active in community affairs, and joined various school and business clubs. After working for several years in California, B departed for the Trust Territory on a 2-year contract where B is presently working for a mainland contractor.

Conclusion: B is deemed to be a domiciliary resident of Hawaii at birth. During the 4-year period that B lived on the mainland while attending college, B remained a resident of Hawaii. A Hawaii domiciliary resident who attends school outside of Hawaii remains a Hawaii domiciliary resident unless the individual establishes a domicile outside of Hawaii. B abandoned B's domicile in Hawaii when a permanent domicile was established in California upon B's graduation from college. B is now deemed to be a nonresident of Hawaii.

Example 3: C, a resident of Hawaii, attended college on the mainland. While there, C traveled to a foreign country to perform mission work. Upon returning to the mainland, C completed college. C then returned to Hawaii and got married. C secured employment with an agency of the United States government and moved to Japan to work. In C's applications for employment, transportation agreement, passport, and other formal documents and papers pertaining to employment in Japan, C stated that C's legal residence was in Honolulu, Hawaii. C continued to make deposits in C's bank and savings and loan company in Hawaii. C also opened a bank account in Japan and made some investments through Japan companies. It was not C's intention to make Japan C's permanent and indefinite home. Accordingly, C made no effort to establish a new domicile in Japan nor to abandon the old domicile in Hawaii.

Conclusion: C is deemed to be a resident of Hawaii during the period that C attended college on the mainland, traveled to a foreign country to perform mission work, and worked in Japan. A Hawaii domiciliary resident who attends school outside of Hawaii remains a Hawaii domiciliary resident unless the individual establishes domicile outside of Hawaii. It is apparent that C did not establish the foreign country or Japan as a permanent home. C was in the foreign country only for the purpose of performing mission work and is in Japan only for the purpose of employment and has not acquired a new domicile. Nor has C abandoned the domicile in Hawaii. Under the facts presented, the same answer would apply if C was working in Korea, Germany, on the mainland United States, or elsewhere.

Example 4: D, a resident of Hawaii, contracts to work for a company in Japan. The contract is a renewable 3-year contract. D is married and D's spouse and children accompany D to Japan. D rents a home and opens bank accounts in Japan. D's children attend local schools in Japan. D does not own any property in Hawaii and has not voted in Hawaii since moving to Japan. At the end of the 3-year contract, D renews D's contract with the company in Japan for another 3 years. At the renewal period, D's applications for employment, transportation agreement, passport, and other formal documents and papers pertaining to employment in Japan stated that D's legal residence was in Honolulu, Hawaii. It was not D's intention to make Japan D's permanent and indefinite home. Accordingly, D made no effort to establish a new domicile in Japan nor to abandon the old domicile in Hawaii.

Conclusion: D is deemed to be a resident of Hawaii during the period that D worked in Japan. It is apparent that D did not establish Japan as a permanent home. D is there only for the purpose of employment and has not acquired a new domicile. Nor has D abandoned the domicile in Hawaii. Under the facts presented, the same answer would apply if D was working in Korea, Germany, on the mainland United States, or elsewhere.

C. Domicile by Operation of Law

"Domicile by operation of law" is one which is assigned or attributed to an individual by law independently of the individual's residence or intention. In the usual case, domicile by operation of law is applied to those individuals, who, because of certain disabilities, are unable to acquire a domicile by choice. These would include such individuals as minor children and incompetents.

If a child becomes a dependent, for tax purposes, of someone with a different domicile, the child's domicile will generally be the same as the domicile of the individual who is able to claim the child as a dependent.

Example 5: E, a Hawaii domiciliary resident, has one child from an earlier marriage to another Hawaii domiciliary resident. E subsequently marries F, a domiciliary resident of Utah. F provides all of the support for both E and E's child (F's stepchild). F is able to claim the child as a dependent.

Conclusion: The child is deemed to be a nonresident of Hawaii since F, a domiciliary resident of Utah, claims the child as a dependent.

The question of domicile is one of law and fact. A change of domicile will depend upon the acts and declarations of the individual concerned in order to ascertain whether or not the individual possessed the required intention which the law says the individual must have to effect a change of domicile. The status of an individual as a resident or nonresident is determined by all the factual circumstances. No single factor, such as an individual's oral declarations of intention or the marriage of a resident and a nonresident, is controlling. Some of the relevant factors include the length of time spent in Hawaii; leasing, buying, negotiating for or building a home; ownership of a motor vehicle; place of issuance of license to drive a motor vehicle; place where the motor vehicle is registered; place of marriage; where the residence of one spouse is in issue, the place of residence of the other spouse; residence of the family of the individual; place of schools attended by the individual's children; the presence of bank accounts; club memberships; place of voting; place of business interests, profession, or employment; contributions to local charities; declarations regarding residence made to public authorities, friends, relatives or employers, or in documents such as deeds, leases, mortgages, contracts, and insurance policies; proposed place of burial or acquisition of burial place for the individual or members of the individual's family; and the place to probate a will. See TIR No. 90-3 which discusses these factors in the context of the income taxation and eligibility for credits of an individual taxpayer whose status changes from resident to nonresident or from nonresident to resident.

III. Establishing Residency by Residing in Hawaii

An individual who is not domiciled in Hawaii may acquire the status of a resident by virtue of being physically present in Hawaii for other than temporary or transitory purposes. See section 235-1, HRS (Definition of "Resident").

Whether or not the purpose for which an individual is in Hawaii will be considered temporary or transitory in character will depend upon the facts and circumstances of each particular case.

If an individual is simply passing through Hawaii to another state or country, or is here for a brief rest or vacation, the individual is in Hawaii for temporary or transitory purposes. Also, if an individual's presence in Hawaii is required for a short period to complete a particular transaction or perform a particular contract, the individual will be deemed to be in Hawaii for a temporary or transitory purpose and will not be deemed a resident.

If, however, an individual is in Hawaii to improve the individual's health and the individual's illness is of such a character as to require a long or indefinite period to recuperate, or the individual is here for business purposes which will require a long or indefinite period to accomplish, or is employed in a position that may last permanently or indefinitely, or has retired from business and moved to Hawaii with no definite intention of leaving shortly thereafter, the individual is in Hawaii for other than a temporary or transitory purpose and will be deemed a resident.

If an individual has been in Hawaii more than 200 days of the taxable year in the aggregate (not consecutive), the individual is presumed to have been a resident of Hawaii from the time of the individual's arrival. The presumption may be overcome if the individual rebuts the presumption with evidence satisfactory to the Department of Taxation that the individual maintains a permanent place of abode outside of Hawaii and is in Hawaii for a temporary or transitory purpose.

Example 6: G, a civil engineer, is domiciled in New York where G owns a house in which G's family lives. G votes in New York, maintains a bank account there and returns to his home in New York whenever possible. G is employed by a company as supervising engineer of its projects. In 1995, the company enters into a contract for construction work in Hawaii which will require G to spend 18 months in Hawaii. G comes to Hawaii and spends nearly the whole of 1995 here, living in a rented apartment. G's spouse and family remain in New York except for a summer visit to Hawaii. Upon completion of the project, G will return to New York to await another assignment.

Conclusion: Since G has been in Hawaii more than 200 days of the taxable year in the aggregate, G is presumed to have been a resident of Hawaii from the time of G's arrival. G, however, rebuts the presumption under the above circumstances showing that G maintains a permanent place of abode outside Hawaii and is in Hawaii for a temporary or transitory purpose. Accordingly, G is deemed to be a nonresident of Hawaii.

Example 7: H, a civil engineer, is domiciled in California. H is employed by a company in California. In 1991, H was transferred to Hawaii with the same company. H did not request the transfer to Hawaii. The transfer was made for the convenience of H's employer and H was required to work indefinitely in Hawaii or lose H's position with the company. H's spouse and children accompanied H to Hawaii. H has always considered California to be H's permanent home and always intended to return to California. No affirmative steps were taken either to abandon the domicile in California or to establish a permanent domicile in Hawaii.

Conclusion: H is deemed to be a resident of Hawaii. Although H is domiciled in California, H is in Hawaii for other than a temporary or transitory purpose since H's employment in Hawaii is for an indefinite period.

Since each state's definition of "resident" may be different, it is possible for an individual to be considered a resident of more than one state.

IV. Individual's Presence or Absence in Compliance with Military or Naval Orders, While Engaged in Aviation or Navigation, or While a Student

An individual's status as a resident or nonresident shall not change **solely because of** the individual's presence or absence in compliance with military or naval orders of the United States, while engaged in aviation or navigation, or while a student at any institution of learning. See section 235-1, HRS.

A nonresident individual who is in Hawaii (1) on military duty, (2) while engaged in aviation or navigation, or (3) while attending school is not a Hawaii resident unless the individual establishes domicile in Hawaii. Similarly, a Hawaii domiciliary resident who (1) enters the military and is stationed outside of Hawaii, (2) is outside of Hawaii while engaged in aviation or navigation, or (3) attends school outside of Hawaii remains a Hawaii domiciliary resident unless the individual establishes domicile in the other state or foreign country.

Spouses of nonresident service members, crew members, or students who came to Hawaii will remain nonresidents of Hawaii if their principal reason for moving to Hawaii was to accompany their spouse, and if it is their intention to leave Hawaii when their spouse is transferred, discharged, or, in the case of the student spouse, graduates.

Example 8: J is employed by an interstate airline as a crew member. J has no family. J votes in Pennsylvania, where J was born and raised, and which J regards as J's domicile. J lays over in Hawaii between flights and for rest periods, using hotel accommodations. In 1994, J is physically present in Hawaii for more than 200 days during the calendar year.

Conclusion: J is deemed to be a nonresident of Hawaii. This example falls under the provision of the statute which provides that a person shall not be deemed to have gained a residence in Hawaii simply because of the presence in Hawaii while engaged in aviation.

Example 9: Mr. and Mrs. K are residents of Michigan. Their daughter, L, also is a Michigan resident. L came to Hawaii to attend college and took action to become a permanent resident of Hawaii. L closed her bank account in Michigan and opened a bank account in Hawaii. L also became a member of a local church in Hawaii. Although L works part-time, more than half her support comes from her parents. Her parents are able to claim her as a dependent.

Conclusion: L is deemed to be a nonresident of Hawaii. Although L took action to become a permanent resident of Hawaii, her principal reason for being in Hawaii is to attend college. This example falls under the provision of the statute which provides that a person shall not be deemed to have gained a residence in Hawaii simply because of the presence here while attending school. A nonresident individual who is in Hawaii while attending school will not be deemed to be a resident of Hawaii unless the individual establishes domicile in Hawaii. L cannot establish a new domicile in Hawaii since L is still eligible to be claimed as a dependent on L's parents' federal income tax return.

Example 10: M, who was born and educated in Hawaii, enlisted in the military and was stationed outside of Hawaii. M has the intention of returning to Hawaii after discharge from the military. Accordingly, M made no effort to establish a new domicile outside of Hawaii nor to abandon M's old domicile in Hawaii.

Conclusion: M is deemed to be a resident of Hawaii regardless of the length of M's absence from Hawaii while stationed at bases outside of Hawaii.

See TIR No. 90-10 for a discussion on the taxation and the eligibility for personal exemptions and credits of residents and nonresidents in the military and spouses and dependents of persons in the military.

V. Aliens

In the past, the Department of Taxation has treated an alien (an individual who is not a U.S. citizen) as a nonresident of Hawaii if the alien did not have permanent resident alien status (green card) in Hawaii. After consideration of this issue, it is concluded that although an alien who does not have a green card cannot be domiciled in Hawaii, the alien may nevertheless be residenced in Hawaii. The Department, therefore, will consider an alien a resident of Hawaii if the alien (1) has permanent resident alien status (green card), or (2) resides in Hawaii for other than a temporary or transitory purpose. Thus, like all other individuals, the status of an alien as a resident or nonresident for Hawaii income tax purposes is determined by all of the factual circumstances.

Hawaii has not adopted the federal provisions of Internal Revenue Code (IRC) section 7701(b) (with respect to the definition of resident alien and nonresident alien). In addition, income tax treaties between the United States and a foreign country do not apply to sub-nation states' taxing authority and therefore do not control for Hawaii income tax purposes.

In certain situations, a taxpayer may be considered a nonresident alien for federal income tax purposes and a resident for Hawaii income tax purposes. In these situations, the special rules applicable to individuals who are considered nonresident aliens for federal income tax purposes will apply when the individual files a Hawaii resident income tax return. See TIR No. 92-3 for a discussion of certain income tax issues affecting nonresident aliens.

Example 11: N, a Hawaii resident, married O, a citizen of Australia, while both were attending college in Hawaii. Upon their graduation from college, they both found employment in Hawaii. After their marriage, O filed the required documents and became a permanent resident alien.

Conclusion: O is deemed to be a resident of Hawaii. O acquired a new domicile in Hawaii when O became a permanent resident alien.

Example 12: P is a Japanese national who is domiciled in Japan. In 1995, P came to Hawaii to work. P was admitted by the U.S. Immigration and Naturalization Service as a nonimmigrant alien. P's authorized stay can be extended periodically. During 1995, P was physically present in Hawaii for more than 200 days during the taxable year.

Conclusion: P is deemed to be a resident of Hawaii. Although P is a nonimmigrant alien who is domiciled in Japan, P is in Hawaii for other than temporary or transitory purposes.

Example 13: Q accepted a tenure track position at the University of Hawaii, and arrived to begin employment on August 1, 1996. Q is in the U.S. on an H visa for now, but Q eventually wants to get tenure at the UH and remain in the U.S. as a permanent resident alien.

Conclusion: Although Q was not in Hawaii for more than 200 days in 1996, Q is in Hawaii for other than a temporary or transitory purpose. Therefore, Q should file as a part-year resident even though the 200 day test of the presumption of residency is not met.

Example 14: Mr. and Mrs. R and their son are citizens of Brazil and are in Hawaii on J visas. Mr. R is a teacher and does not meet the substantial presence test under IRC section 7701(b)(3) and is, therefore, a nonresident alien for federal income tax purposes. Mr. R files a federal Form 1040NR on which his filing status is required to be married filing a separate return. IRC section 6013(a)(1) does not allow the filing of a joint return if either spouse was a nonresident alien at any time during the taxable year. Mrs. R also works part-time in Hawaii. Mr. and Mrs. R and their son were in Hawaii for more than 200 days in 1996 and will be filing as Hawaii residents. Can Mr. and Mrs. R file a joint Hawaii resident tax return?

Conclusion: Section 235-93, HRS, provides that a husband and wife, having that status for purposes of the IRC and entitled to make a joint federal return for the taxable year, may make a single return jointly of taxes under this chapter for the taxable year. Hawaii has adopted the provisions of IRC section 6013(a)(1) through section 18-235-93(a)(2), HAR. IRC section 6013(a)(1) provides that no joint return shall be made if either the husband or the wife at any time during the taxable year is a nonresident alien. Accordingly, Mr. and Mrs. R cannot file a joint Hawaii tax return. Mr. and Mrs. R must each file separate Hawaii resident tax returns.

Example 15: The facts are the same as stated in Example 14. Can Mr. R claim his son as his dependent on his Hawaii resident tax return?

Conclusion: Section 235-54, HRS, provides that the number of personal exemptions an individual may claim is in part determined by ascertaining the number of personal exemptions that the individual may lawfully claim under IRC section 151. IRC section 873(b)(3), limits a nonresident alien individual to claim, under IRC section 151, a single deduction for personal exemption unless the taxpayer is a resident of a contiguous country or a national of the United States. IRC section 152(b)(3) further states that the term "dependent," for purposes of determining personal exemptions under IRC section 151, does **not** include any individual who is not a citizen or national of the United States unless such individual is a resident of the United States of country contiguous to the United States. For federal income tax purposes, Mr. R cannot claim his son as a dependent since his son is not a U.S. citizen, U.S. national, resident alien or resident of a country contiguous to the United States. Accordingly, Mr. R cannot claim his son as a dependent on his Hawaii resident tax return.

Example 16: The facts are the same as stated in Example 14. Can Mr. R claim the standard deduction on his Hawaii resident tax return?

Conclusion: IRC section 63(c)(6), which Hawaii adopts through section 235-2.4(a), HRS, provides that a nonresident alien individual cannot claim the standard deduction. Accordingly, Mr. R cannot claim the standard deduction on his Hawaii resident tax return. Mr. R must itemize any allowable deductions.

Example 17: Mr. and Mrs. S are in Hawaii on H visas. Mr. S is a college professor. Mr. S meets the federal substantial presence test but files a federal Form 1040NR to claim the treaty benefits which exclude his wages as a professor from federal taxation for two years. Mr. and Mrs. S were in Hawaii for more than 200 days in 1996 and will be filing as Hawaii residents. Will the treaty also exclude Mr. S's wages from Hawaii taxation?

Conclusion: The provisions of income tax treaties are between the United States and the foreign country. Income tax treaties are designed to protect taxpayers from double and discriminating taxation by either treaty country, and normally do not preempt state tax laws. Accordingly, the treaty has no effect on Hawaii Income Tax Law and Mr. S's wages as a professor are subject to Hawaii income tax.

VI. Amendment Pursuant to Act 187, SLH 1996

Section 235-55, HRS, allows a resident individual taxpayer to claim a credit for income tax paid to another state or to a foreign country when the taxpayer is taxed by Hawaii on worldwide income and is also subject to income tax in such other jurisdiction. Section 235-93, HRS, provides that a husband and wife who are entitled to file a joint federal return may file a joint Hawaii resident return whether or not both husband and wife are Hawaii residents, however, they will be taxed on worldwide income.

Act 187, SLH 1996, amended section 235-55, HRS, to clarify that the credit for income tax paid to another state or to a foreign country is allowed to a husband and wife filing a joint Hawaii resident return (whether or not both are Hawaii residents) since section 235-93, HRS, provides that they are taxed by Hawaii on worldwide income. The discussion in TIR Nos. 90-3 and 90-10 relating to the credit under section 235-55, HRS, not being allowed for the nonresident spouse even if a joint Hawaii resident return is filed is superseded by Act 187, SLH 1996.

Ray K. Kamikawa
RAY K. KAMIKAWA
Director of Taxation

HRS Sections Explained: HRS 235-1, 235-2.4(a), 235-54, 235-55, 235-93

Rules Sections Explained: 18-235-1, 18-235-93(a)(2)

TIR Nos. 90-3, 90-10, and 92-3 are all supplemented.
TIR Nos. 90-3 and 90-10 are superseded in part.

TIR-96D.FNL

Notes from Tir97-1.pdf

Page 5

Note 1; Label: Department of Taxation; Date: 12/15/99 3:57:10 PM
Grayed text made obsolete per HAR §18-235-1.01 through 18-235-1.17, dated July 27, 1998, effective August 28, 1998.

TO: Maui County Council

SUBJECT: FY 2022 Property Tax rates

Aloha, I am concerned about the real property tax rates for Owner-Occupied Tier 3 increasing from $2.61 to $2.71.

The Maui News said that the budget committee believes that these owners have the means to pay more which is not true.

I have been a full-time resident of West Maui for nearly 20 years (since 2004). I am now retired and 71 years old. My wife is also retired and over 65 (but I am sworn to secrecy). We are living on essentially a fixed income.

Last year the property taxes on our residence amounted to 9.7% of our Federal AGI on our 2020 tax return.

For some unknown reason this years assessment of my "buildings" went up 12.3% while my neighbor's assessment went down 2%. We both have about the same square footage of living space and we both have not made changes to our improvements in the past 5 years. This is rather large difference for no apparent reason but the rules for appealing assessments do not allow me to appeal – see points attached.

As a result of this assessment, my total assessed value (land and buildings) have gone up 9.7% so even if the tier 3 rate remained flat I would be paying almost 10% more in property taxes. If the rate is raised from $2.61 to $2.71 my total tax bill would go up 13.9% in just one year.

As you know Social Security benefits increased 1.3 percent in 2021. Federal benefit rates increase when the cost-of-living rises, as measured by the Department of Labor's Consumer Price Index (CPI-W).

It is unlikely that our income for 2021 will increase by more than 3%. Based on that our property taxes will consume 10.7 % of our total AGI in 2021 versus 9.7% last year.

Can something be done to keep Owner-Occupied tier 3 the same as last year.

I am sure that people who have high incomes and are Owner-Occupied are paying substantial Hawaii State taxes and Maui county should aggressively seek a more reasonable share of GET and TAT from the state.

Also, I would like to know how I can get an explanation of the wide variation in assessed values this year relative to our neighbor.

Mahalo

Michael Gronemeyer

Lahaina, HI

RECEIVED
2021 MAY -3 AM 8:09
OFFICE OF THE
COUNTY CLERK

REAL PROPERTY ASSESSMENT APPEAL

EVIDENCE OF VALUE

By law, the BOR can only act on the basis of evidence presented at the hearing.

- You need to show that your property value is less than 80% of the total assessment.
- Arms-length sales from the market place are used to come up with the assessments. Sales transactions between relatives, close friends, and persons with close business relationships are usually not considered as "proper evidence".
- A leasehold property is valued in its entirety as required by law; in other words, a fee simple value is determined.
- Sales that recorded up to June 30 of the previous year are used to determine the January 1 assessment.

INADMISSIBLE EVIDENCE

Some facts are related to taxes but are unrelated to property value. To avoid obscuring the central issue of **assessed value**, some data is inadmissible.

Inadmissible evidence includes:

1. Assessed values of other property.
   Maybe used if you can show illegal methods or lack of uniformity.
2. The amount of the tax bill.
   While taxes are computed on the basis of value, they are not evidence of value.
3. Prior year's assessments.
   Each year's assessment is separately considered on its own merits.
4. Increases in assessed value between years.
   The correctness of the current assessment is the question before the BOR - not prior years.

Source: https://www.mauicounty.gov/1109/Appeals

County Clerk

From:	Susan Sipe <susan@royalmauiancondo.com>
Sent:	Saturday, May 01, 2021 8:21 AM
To:	County Clerk
Subject:	Thoughts on the Public Hearing from April 28th 2021

Hello –

I attended the Maui County Council meeting and have to say I was so disappointed. I have had a condo at Royal Mauian in Kihei for the past ten years. Our hope has been to someday be able to retire there. In the meantime, we rent it out to pay the taxes, HOA Fees and general maintenance.

Out home is not one of the big front view units, it is around the corner but still has a beautiful tropical garden outlook. Because we are able to rent out at a lower cost, we get lots of families who are just so thrilled they can visit Hawaii. For many it is a once in a lifetime trip. They are bringing their parent or their children and are such wonderful people so happy to be able to visit.

I have been reading articles about the locals protesting tourist in Wailea, but the people testifying really brought home the animosity and resentment that the locals feel for mainland owners and tourists. When I left the meeting, I cried and told my husband I wanted to sell our home. I don't want to plan to spend my retirement (which we have worked darn hard to save for) in a place where people are so selfish and hateful. What happened to the aloha spirit?

I understand the high cost of living in Hawaii. My son teaches on Oahu and he can't even begin to think about buying a home with his income. Most of his students are from single parent households and he tells me their stories and I try to understand what that is like.

But, raising the property tax by so much? Right now? I pay more (or my Guests do) in excise tax and Transient Accommodation Tax than we do in property tax. That is a huge lose of revenue if we decided to stop renting. Imagine of all the short-term accommodations stopped renting and either became owner occupied or sold to owner occupied – according to your own website that is $296 million dollars collected from short-term, non-owner occupied versus the $33 million collected from owner occupied. That is a 9:1 ration before the proposed increase.

On top of the property tax, I have been reading that Maui wants to raise the TAT by 30%? It looks as though some Maui residents will get their wish and will have less tourism. I am not sure what they were talking about with "high quality tourists". I know several people who visit Maui frequently and they have a lot of money. They stay at places like Andaz and Fairmont. They rarely leave the resort areas and mostly lay by the pool or golf. They would never consider eating from a local food truck or purchasing from one of the charming little locally owned boutiques.

Think about the small businesses owned by locals and how much they will be hurt by squeezing out short-term rentals. I have a local cleaner (who pays excise tax) and a local handyman. I buy appliances and furniture for my condo every few years because rentals cause wear and tear. I used Hamai Appliances and Lifestyle Maui. I send a packet of info to each Guest recommending local restaurants like Café O'lei, Clear Kayak Rentals, Auntie Snorkel and the food truck down the street. I suggest they go to the Kalama Village and look at Alex Arthur's photos and eat at Fat Daddy's. These are not things that the hotels do. These are not businesses that the hotels are making purchases and keeping dollars on Maui – but it is what short term rentals do.

I am so sad by how angry the people at your meeting are. They are blaming off island owners and tourists for everything wrong in their life. I am happy to pay taxes and have it help the local economy. But, Maui is being unfair. Our condo was shut down most of 2020 by state order. We could not rent so we had no income. However, we still had taxes to pay and HOA dues. We still had to have our cleaner come in and do safety checks to be sure everything was okay. The reward that we got for continuing to pay in 2020 was more taxes in 2021 – property, TAT.

Hawaii already has an issue with young people moving away due to lack of jobs. What are you going to do if your tourism is cut in half? With the attitude of the other night, I don't think you are going to attract the tech industry. I for one am rethinking my future with Maui and with the nasty attitude it is very hard for me to encourage people to come stay at my condo and enjoy the aloha spirit because the aloha spirit is gone.

Thank you for your time to read this.

Susan Sipe

Royal Mauian