

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

June 14, 2011

Council Chamber, 8th Floor

CONVENE: 1:31 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Mike White, Member

EXCUSED: Councilmember Donald G. Couch, Jr., Member
Councilmember Danny A. Mateo, Member
Councilmember Michael P. Victorino, Member

STAFF: Scott Kaneshina, Legislative Analyst
Camille Sakamoto, Committee Secretary

ADMIN.: Danilo F. Agsalog, Director, Department of Finance
Scott K. Teruya, Administrator, Real Property Tax Division, Department of Finance
Marcy Martin, County Real Property Technical Officer, Department of Finance
Sananda K. Baz, Budget Director, Office of the Mayor
Adrienne N. Heely, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery:

Jeremiah L. Savage, Deputy Director, Department of Finance

OTHERS: Tom Luten (Item No. 73)
Judith Fox (Item Nos. 73 and 75)
Dennis Fitzpatrick (Item Nos. 73 and 75)
Paula Newell, Co-Chair, Committee for More Equitable Taxation (COMET) (Item Nos. 73 and 75)
David DeLeon, Government Affairs Director, Realtors Association of Maui (Item No. 75)
William Tavares, Co-Chair, Committee for More Equitable Taxation (COMET)
Two (2) additional unidentified attendees

PRESS: *Akaku: Maui Community Television, Inc.*
Ilima Loomis, The Maui News

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CHAIR PONTANILLA: . . .(*gavel*). . .The Budget and Finance Committee meeting is now in session. Today is June 14, time is 1:31, this is 2011, and, Members, good afternoon--

COUNCILMEMBER BAISA: Good afternoon.

CHAIR PONTANILLA: --thank you for being here.

COUNCILMEMBER COCHRAN: Aloha.

CHAIR PONTANILLA: At this time the Chair would like to introduce the Members that are here this afternoon. We do have Member Carroll, Member Baisa, Member Cochran --

COUNCILMEMBER COCHRAN: Aloha.

CHAIR PONTANILLA: --Member Hokama, and Member White. Excused at this time are Members Victorino, Chairman Mateo, and Member Couch. Members, we do have two items on the agenda this afternoon, like I promised and what you guys requested. One of them is BF-73, Real Property Tax Home Exemption Amount; and the second item BF-75, Real Property Tax Home Exemption Qualification, that was brought forward by Member White. Upfront, we do have with us from Corporation Counsel Adrienne Heely; our Budget Director, Mr. Sandy Baz --

MR. BAZ: Aloha.

CHAIR PONTANILLA: --our Finance Director, Mr. Danny Agsalog.

MR. AGSALOG: Hi, Chair.

CHAIR PONTANILLA: Hi. And in the back we do have from our Real Property Tax Administrator, Mr. Scott Teruya, and I forgot the woman's name next to you. If you could--

MR. AGSALOG: That's Ms. Martin, Marcy Martin.

CHAIR PONTANILLA: Okay, fine, thank you. And as usual supporting the Committee this afternoon are Scott Kaneshina, our Legislative Analyst; as well our Secretary, Camille Sakamoto. Members, we do have several people signed up for public testimony. Some of them are going to speak on the two items this afternoon. At this time the Chair would like to have every one of us in this Chambers to put our cellphones on the silent mode or turn it off.

. . . For those of you that are providing public testimony this afternoon, you have three minutes to provide your testimony, one minute to conclude. If you can come forward, provide us your name, organization that you represent, and then from there go into your testimony. Once you're done if you could stay at the podium for a few seconds, some of the Members may have

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questions for you. So, Members, at this time the person signed up to, first person to sign up for public testimony is Tom Luten. He'll be testifying on Item Number 73.

...BEGIN PUBLIC TESTIMONY...

MR. LUTEN: Good afternoon. Most of you Council members know me in connection with a B&B permit application in Maui Meadows, which is where I'm from. But in connection with that application I had occasion to, last year, to spend some time going through the County's extremely excellent real property tax database. And, Mr. Teruya, if you're in charge of that and responsible for it, I say congratulations, it's first class work. As I went through this I was curious about tax compliance, in fact, and I found a number of things. I found for example...I was looking in, specifically in Maui Meadows, initially. I found one property that claims, according to the database, a \$600,000 tax exemption. I found more than one property owner who claims two property tax exemptions at different places in the islands, in the island of Maui and pays a \$2.50 tax rate in both places. I also know a couple of buildings down on the beach a little, and I know for example there's a family that owns over a dozen apartments down in this building and they claim them as \$5 properties. This is a family that is in the business of renting real estate and I believe that every one of them is probably taxable at \$8.30. In connection with the B&B application, I was looking at the vacation rentals in Maui Meadows. I find about 30 of them, of which eight are permitted. Out of the 22 that are unpermitted, some 60 percent of them claim a \$300,000 tax exemption and claim a \$2.50 tax rate. The point of this anecdote is to say to you all that in addition to tweaking tax rates and exemption levels, I think that a far more productive path might be to work on tax compliance. Specifically, it seems to me that the County needs to look into and, perhaps, adopt more stringent, more productive audit procedures maybe in connection with the State who has important tax data for the County of Maui. And that ...*(pause)*... and it seems to me that there is rather a lot of uncollected tax revenue out there, and if we could collect it, the need to tweak exemption levels and tax rates might be put off or set back or reduced. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for Mr. Luten at this time? Thank you very much --

MR. LUTEN: Thank you.

CHAIR PONTANILLA: --and I think BF-75 will address some of this issues that you brought forward. . .meaning that property owners need to tell us that they are really property owners on this island.

MR. LUTEN: I agree, thank you.

CHAIR PONTANILLA: Thank you. The next testifier is Judy Fox.

MS. FOX: . . . I don't quite have the examples he has, but again one of the things that I was talking to some of the people beforehand--and we were talking about this issue of the cheaters again--but

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not just the cheaters but the fact that I still think you guys need to go do your due diligence and start categories of people. Because I think it's ridiculous that again 100% disabled veterans are in the same category as millionaires. That just doesn't make sense. I think that you need to set aside...you need to not only demand a copy of a residential tax return along...and I think you should actually ask for the Federal and the State tax return when people are applying for this exemption because of the fact that on the Federal tax return it will tell you the schedule E which will have the address of any rentals that these people are reporting. And if they're not reporting on the Federal, I don't know what you can do. But. . .then they're really cheaters...*(chuckles)*... But anyhow. . .also again I think you...you should have a **needs** basis. When it comes to something as, as extensive as this, I think you guys need, like again, categories of disabled, of disabled veterans, of this category and that category. And the Wailea people can just go fly a kite as far as I'm concerned.

CHAIR PONTANILLA: Thank you. Members any questions for Ms. Fox? Ms. Fox, just a comment...*(laughing)*...Ms. Fox, just a comment from the Chairman. We are looking into the 100% disabled veterans. We were gonna do it this Budget session, but there's too many areas that we need to look at in the ordinance, so we'll be taking care of that.

MS. FOX: Okay, good.

CHAIR PONTANILLA: Okay, next testifier is Dennis Fitzgerald?

MR. FITZPATRICK: . . . Hi, my name is Dennis Fitzpatrick, I'm a homeowner and I'm representing myself, and I'll just read the testimony that I submitted. Dear Council Members, as a homeowner who has lived in my house for 25 years, I would like to speak on the reduction of homeowners exemption you're proposing from 300,000 to 200,000. I am firmly opposed to this and feel your actions will cause harm to many such as I for many reasons. I purchased my home at a cost of 150,000 for house and cottage I built to have my father-in-law live in and take of as I raised my family and did the right things. I saw my value increase to as much as \$760,000 during the years, an inflation that only meant more taxes. The values were inflated through no actions of my part, but mainly on speculation on our island. This inflation is only a bonus if you sell your home; otherwise, it becomes a large expense and an increase in taxes. If not for the homeowners exemption, taxes would be extremely higher. I am now on disability and fixed income. I planned for the exemption remaining the same. If you budget, if your budget's at cost then see it change through no fault of yours, it becomes a burden. I feel the County would be better served if they go after those who get this exemption illegally. Many off-island owners and speculators get the exemption, many paying taxes in other states. Yet why doesn't the County go after them? I own a condo in Kihei, as well and I'm not getting the exemption there. But many in our complex for years got the exemption even though they did not qualify and used their condo for vacation rentals. I was a President of the board there and we reported it. It was reported to the County and nothing was ever done. I realize recently a new clause was enacted to ask associations to report on the condo ownership. Yet for many your monies were, for many years monies were lost due to the inaction of the County and no oversight from the County agencies. Now you want to what I feel is penalized me for doing the right thing. The

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assessments are still quite high and the County need for revenues fall on long-term owners much harsher than others. ...people like my family and I are the community. Your stewardship to the people of Maui is to ensure people are protected. Your actions, although revenue generating in this time of need, will cause hardships on many who have done the right thing. Adding costs after the fact will cause problems in our community. I urge you to generate income by going after those who for years used the exemption illegally. Is there a way to get back revenues if someone claimed the exemption illegally? I feel they broke the law and it is they who should be burdened with any new revenues. Thank you very much, Dennis Fitzpatrick.

CHAIR PONTANILLA: Thank you, Mr. Fitzpatrick, sorry I mispronounced your last name. Members, any questions for the testifier at this time? Thank you very much. The next testifier is Paula Newell?

MS. NEWELL: . . . Good afternoon my name is Paula Newell, representing the committee COMET, and I am the Co-Chairperson, along with Bill Tavares who is in the gallery with me here today. COMET understands that there is a proposal being revisited regarding the change in the Maui County's homeowner exemption from 300,000 to 200,000. Our argument to maintain the current figure stems from COMET's history and everything that it has fought for. COMET has made equitable property taxation its focus. The property taxation system should be looked at as a whole. The problems cannot be solved through fragmentation. We would like to have a joint meeting with you as soon as possible. Some suggestions and comments that we would like to discuss include: (1) A legal tax disclosure form that would be created and prepared by the tax office and mailed yearly to homeowners; (2) Homeowners in turn would then fill out the simple questionnaires providing information regarding the use of their property. The information would be gathered by the tax office and placed into a database. A \$25 fee would be imposed on properties entered into the database. The current figure of \$1.75 million could be generated based on the current 70,000 tax keys that are out there. (3) Random checks would be made by assessors to encourage compliance. Any non-compliance would resolve, would result in fines. We would also like to see a sub-committee that would be established in which a review of the data is conducted. The committee should include a rounded representation of officials, as well as those in the community. An acquisition-based taxed system as well as an established, equitable rollback date on properties should be discussed. Based on the projected needs of each year's budget, a ceiling of 4 percent up and floor of 4 percent down would be imposed on assessed property values. This, of course, would have some play, but this would at least establish a formula that we could use. Circuit Breaker should be renamed to reflect as a tax relief benefit. I think a lot of people don't understand really what that nomenclature means. And we also feel and agree with you that the tightening and review of homeowners exemption qualifications is a must. Sure, Maui County has had the best homeowners exemption figure. It is also true that we have enjoyed the lowest tax rates and have the Circuit Breaker, but it is because of COMET and other people that they have fought hard for these benefits. All of these milestones mentioned have been implemented because of a joint consensus. That consensus consisted of an opinion that the Maui property tax system had become a massive unfair burden on residents. The system became lost --

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MR. KANESHINA: Three minutes.

MS. NEWELL: --in translation, filled with outdated and unfair comparison and information. In closing, these accomplishments need to be kept intact and Maui County should not be compared to or planned down to meet other counties and their exemption amounts. On the contrary, Maui should be commended on the action taken in implementing these credits. This, we should not be forced to take a step back. The handout that I gave you folks, too, there is a little bit of information that I found on a particular website called forecastchart.com, and it also talks about how the State of Hawaii in the last 10 years has been ranked number 2 in the highest valuation prices. And I listed several current median --

MR. KANESHINA: Four minutes.

MS. NEWELL: --prices right now within the State of Hawaii, and we feel that this is also a reason why the attention and the accomplishments that...for the homeowners exemption was made, is because we had been addressing these particular problems. Thank you.

CHAIR PONTANILLA: Thank you. Members any questions for the testifier? Mr. White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. Thank you for your testimony and I don't think anyone on this body really wants to do anything drastic. But I think one of the points you made was that we, we generated the 300,000 exemption --

MS. NEWELL: Yes.

COUNCILMEMBER WHITE: --as our prices were climbing more rapidly than in other places. And I think the challenge that we face now is that the values have declined so much that there may be a need to reduce the exemption because the values have dropped so much. What, what would you guess the value of your property is now compared to what it was three years ago?

MS. NEWELL: Well, I currently own property in Haiku on Kaupakalua Road. When I first purchased it about 6 years ago, I actually bought it for about \$700,000. I think the highest that it had gone up to was around a little, slightly under a million dollars, and I know right now I think it is hovering at somewhere around 839, something around there I believe. But I understand where you're saying that because, you know, the value of prices, of, of homes have gone down. But because of the economic times right now and people are having to deal with just even paying on a day to day getting themselves to work and back and forth that to be hitting. I think our main thrust of what we're trying to say right now is that the entire system needs to be looked at as a whole and not to fragment it or to, you know, piece meal it and try to just look strictly at the homeowners exemption, which is something that, it's...that and the Circuit Breaker are really the only two benefits that the residents right now really can take advantage of, to be really honest. And because times are really tough right now, we just feel there are other ways that the money could be generated. I certainly agree with everyone that has been speaking today that there are people that have been taking advantage of the situation. It definitely needs to be addressed, there

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is no doubt about that. A lot of illegal vacation rentals that still continue, people running businesses out of homes without permits, G.E. licenses without establishing any type of a tax base, but I just think that there are other ways that could be generated. I think this \$25 fee to enter information into the database is an excellent idea. That immediately would generate \$1.75 million if in fact you were able to get all 70,000 parcels to be entered into it. The information in the Tax office, quite frankly, is too far behind. The other thing that happens is when properties are sold, it takes a long time for the catch-up for, you know, the Bureau of Conveyances to pick up on what the new acquisition price is. And I know that that had happened up in the Kuau/Paia area where my Mom and Dad's property was when I first came and spoke to you folks about that a while ago. That enormous amounts of money was being thrown down on properties and yet it was taking 18 months up to three years for that information, that acquisition and what the new market prices and what the new assessment should be for how, how are those taxes then be accumulated or be picked up off of, you know, the new sale price.

COUNCILMEMBER WHITE: Uh huh.

MS. NEWELL: So that's what we're kind of saying, is that we feel that there are other ways to look at it. And the whole system, there's a lot of problems within the entire system and we're just saying that we need look at rather than fragmenting and just looking at homeowners exemption, we need to be looking at ways to solve the inequity that's gone on for, you know, several decades.

COUNCILMEMBER WHITE: Yeah, I don't think you'll get a lot of argument from on that, that we need to be looking at other areas as well. But I think one of the challenges that we face is that this is...if we adjust this at this point, it doesn't take effect until 2013. It also doesn't preclude us from making other adjustments to modify the actual tax that you're charged by adjusting the rate. And I...have you done checks, has COMET checked on what the exemptions are on the other neighbor islands?

MS. NEWELL: I think the maximum, 'cause I know Ilima Loomis...I think is the highest is \$80,000 I believe, yes.

COUNCILMEMBER WHITE: Yeah, so I think, I think you would agree that ours is much more generous then, then others.

MS. NEWELL: It is. How --

COUNCILMEMBER WHITE: Um --

MS. NEWELL: -- however our median price --

COUNCILMEMBER WHITE: -- wait--

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MS. NEWELL: -- of homes, Maui has been, you know, the leader in that for many, many years, and I think, because of the, you know, unfair practices that went on from years prior, that to hit people again right now, it to me it's like shooting you, shooting yourself right in the foot, that it just doesn't seem to make sense. And I --

COUNCILMEMBER WHITE: Okay--

MS. NEWELL: -- also don't like the fact that we should be compared to other counties and what they have been able to come up with. For 23 years, Bill and my father and all these other people that have worked so hard, John Buell in Hana, to try to get these things established and to get the Circuit Breaker set up and the great homeowners exemption--yes, it's wonderful. But that was through hard work that that was able to be done and, to me, this is a step back by us reducing this. It's only gonna hinder the legitimate taxpayer right now.

COUNCILMEMBER WHITE: Can you...you mentioned in your testimony that the median home price on the Big Island is \$655,000 compared to 670,000 here on Maui, and yet as you just mentioned the exemption for those properties is much lower than ours.

MS. NEWELL: Uh-huh.

COUNCILMEMBER WHITE: And my recollection is that the Homeowner tax rate on the Big Island is \$5.55 so it is about \$3.05 higher than our rate.

MS. NEWELL: Uh-huh.

COUNCILMEMBER WHITE: So I, you know, I'm just pointing that out. I'm not asking a question, because I --

MS. NEWELL: Yes.

COUNCILMEMBER WHITE: --I think, you know, it's easy for us to sit here and say that this is...there was a lot of hard work, and there was a lot of reason for putting it where, where it was at 300.

MS. NEWELL: Uh-huh.

COUNCILMEMBER WHITE: But that was at a time when things were increasing, and now they're decreasing.

MS. NEWELL: Yeah.

COUNCILMEMBER WHITE: And, and --

MS. NEWELL: But you've gotta look at . . .

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COUNCILMEMBER WHITE: I think it's...I'm not asking for a response, I'm just sharing this with the Chairman. So, Chairman, I think we ... we are looking at it in a balanced way.

CHAIR PONTANILLA: Yup. Thank you.

COUNCILMEMBER WHITE: And I think that the...I think we do need to compare ourselves with, with other islands because ... we have been far more generous to our taxpayers in the past than the other counties have. Thank you--

CHAIR PONTANILLA: Thank you--

COUNCILMEMBER WHITE: --very much.

CHAIR PONTANILLA: --Members any more questions for the testifier? Seeing none, thank you. Next testifier, last person to sign up for public testimony is Dave DeLeon. Anyone to, want to provide public testimony, if they could see the Secretary out in the lobby, thank you. Mr. DeLeon?

MR. DeLEON: Good afternoon and aloha. I wanna apologize, I used the same testimony I used for two years ago for the same topic and realized I didn't change the date. So if you get the wrong date on there, that's why. I'm Dave DeLeon, representing the Realtors Association of Maui. And we want to say that we do appreciate and understand the need to...to correct the problems we're having with people cheating on their tax bills. If they don't live here, then they should not be getting homeowners exemption. We understand the periodic need to review who is getting the exemption and determine if they are qualified or not. However, we are very concerned about the potential for collateral damage, and that is for the elderly, for the disabled, the infirm, folks who don't know how to respond to bureaucratic issues ... being caught up and losing their homeowner exemption and losing their Circuit Breaker because you have to have the homeowner exemption to get the Circuit Breaker. Our caution is the history with the, with the condo survey that was conducted about six or seven years ago where a number of people did not respond in a timely manner and were summarily dropped into the Hotel district. Last year there was still 400 properties clearly not in the Hotel district being charged the Hotel rate. The process did not correct itself, there was no effort. And this shows a lack of sensitivity. I'm talking about people living in Harbor Lights, I'm talking about Kihei Villages, I'm not talking about hotel properties. So who's to say why people don't respond to when government beckons them to ... to do something that's in their own interest you know declaring your ... your exemption. You know, they might have disabilities or other problems that hold them back, but when government does make that demand as ... as is proposed here, rest assured a certain percentage of otherwise qualified taxpayers will fail to respond. And our fear is those people will be the ones who can the least, they will be the most vulnerable in our community that'll be affected. And there are other approaches to this. I mean you don't have to require everybody to come back and reapply, or if you do, you have to find a way to be sensitive to the fact that you are gonna ... you're gonna accidentally cut out grandma who is 80-years-old and doesn't understand what that piece of paper was about ... and whose estate, who pays her taxes or some other entity that pays the taxes

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doesn't pick it up. And then suddenly she's paying a three...she's facing a tax bill that goes three times higher. Our appeals process is not flexible. If you miss deadlines, you're not in, you cannot appeal these at all.

MR. KANESHINA: Three minutes.

MR. DeLEON: Our proposal two years ago and with Mr. Erfer, who was originally from the Board of Review, suggested that the County use the State tax rolls to research and determine who qualifies and who doesn't by, by finding those matches where people are claiming homeowner exemption and in fact they are not, they are not doing resident State taxes. And State law was changed so exactly for those reason, so that the County could have this information. So we're asking for sensitivity here. We understand the need, we understand the real, the real problem we're having with leakage in our, in our tax system. But at the same time we have to be careful not to run over grandma. Thank you.

CHAIR PONTANILLA: Thank you Mr. DeLeon. Mr. White, questions for testifier?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. In looking at the...the draft bill, I don't see any requirement for them to reapply every year.

MR. DeLEON: I was under, under the impression that's what you were going for.

COUNCILMEMBER WHITE: If you read the...

MR. DeLEON: I hadn't seen the draft bill, I'm sorry.

COUNCILMEMBER WHITE: I think the intent is to provide the Tax Department with additional tools with which to enforce.

MR. DeLEON: Oh, okay.

COUNCILMEMBER WHITE: I don't believe we have anything in this measure that's requiring a reapplication every year.

MR. DeLEON: I misunderstood, then.

COUNCILMEMBER WHITE: Yeah, it's really intended just to eliminate the possibility for someone to say that it's their *intent* to reside there and provide the Tax Department with the ability to request a transcript or whatever the document is from the Tax office to verify that those individuals who are stating that they live here are, actually have filed a tax return in the State of Hawaii.

MR. DeLEON: So there would be no requirement to...to the average taxpayer to have to re-qualify for their homeowner exemption.

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COUNCILMEMBER WHITE: Unless there is something that I'm missing, but I, I believe it's not in there. There's nothing there, right?

MR. DeLEON: Okay, so I misunderstood the bill, then.

COUNCILMEMBER WHITE: Okay. Thanks.

MR. DELEON: But anyway that caution still remains because we're still concerned. And I could see making these requirements for everybody going forward, definitely.

COUNCILMEMBER WHITE: Uh-huh.

MR. DeLEON: It's just that I'm fearful of the folks that have been paying the same bill for 50 years not picking it up and then getting caught in a system that, that's not sensitive to their needs.

COUNCILMEMBER WHITE: Yeah, it doesn't change that in any way. It just simply provides the Tax Department more ways to get somebody to provide them proof that they're actually a homeowner as opposed to a cheater.

MR. DeLEON: Okay, then I rest assured . . . *(laughter)* . . .

COUNCILMEMBER WHITE: Okay, thanks. Thank you Chair.

CHAIR PONTANILLA: ...*(chuckling)*... Members, any more questions for the Testifier? Members of the public, if you want copies of the bill, it's out in the front for you to look at. Okay, Mr. DeLeon was the last person to sign up for public testimony. Seeing that only the members of, the members of the audience have already testified, if there is no objection, Members, the Chair would like to close public testimony at this time.

COUNCIL MEMBERS: No objections.

...END OF PUBLIC TESTIMONY...

ITEM NO. 73: REAL PROPERTY TAX HOME EXEMPTION AMOUNT (MISC.)

CHAIR PONTANILLA: Thank you. Okay, Members, we do have two items, first item is BF-73 which is the Real Property Tax Home Exemption Amount. The Committee is in receipt of a Miscellaneous Communication, dated May 20, 2010, from Council Chair Danny A. Mateo, transmitting a proposed bill entitled, a Bill for an Ordinance Amending Section 3.48.450, Maui County Code, pertaining to Real Property Tax Home Exemption. The purpose of the proposed bill is to lower the amount of the home exemption from 300,000 to \$200,000. The Committee may consider whether to recommend passage of the proposed bill on first reading, with or without revisions. The Committee may also consider, the filing of Miscellaneous Communication and related actions. Members, you know some of the Members here--myself

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and Member Baisa as well as Member Victorino and Member Mateo--had reviewed this particular agenda item last October, and the feeling at the time was to have more discussion with the new Council that is present today. So at this time, the Chair would like to call on the Finance Director for some comments.

MR. AGSALOG: Good afternoon, Mr. Chair and Members of the Budget and Finance Committee. Today, we are here as your resource group and I have with me our staff at the Real Property Tax, Mr. Scott Teruya and Ms. Marcy Martin. And I have asked them to crunch some numbers I hope that you will aide in your decision making, in looking at the purposed bill. I would like to ask Mr. Teruya, Mr. Chair, if you don't mind, to go through page by page of the handout that we have given to Staff that was provided to you. So you...from that time on, Mr. Chair, we'll be able to ask more questions and we will be able to answer 'em. If you don't mind, Mr. Chair?

CHAIR PONTANILLA: Thank you. At this time, the Chair would like to call on Mr. Scott Teruya. Mr. Teruya is the Real Property Tax Administrator. So at this time, Mr. Teruya?

MR. TERUYA: Thank you, Chair and Members. The handout that is provided to you this afternoon by the Real Property Tax Division is five pages and I'll briefly go over them page by page. On Page No. 1, titled, Maui Real Property Tax Assessment Year 2011 Changing Homeowner Exemption Amounts, that, that slide there indicates to you the different levels of home exemption amounts and the potential revenue increase that it would be associated with. Again, on the left-hand side, starting at the top, is the current exemption amount of 300,000. And obviously if it remains there will be no revenue difference. So as you go down, we didn't know what you guys were gonna deliberate it, so we're just providing you a scenario test and the additional revenues associated with that amount. I would caution the Members that this revenue increase is not a revenue increase until the rates are established. Be very clear with that. If the rates stay at 250, then these are the realized potential revenues. However, on the last column I provided you a revenue-neutral rate should you adjust it down--that amending the rate would bring in the same amount of revenue. So it's just plain with the exemption and the rate to identify what you guys would so choose, so that's Page 1. Any questions on Page 1?

CHAIR PONTANILLA: Why don't you go through the handout --

MR. TERUYA: Thank you, Chair.

CHAIR PONTANILLA: --and then we'll go page by page after that. Thank you.

MR. TERUYA: Okay, on Page No. 2 is what we kinda call assessment bands. It identifies properties within the Homeowner class. As you see on the left-hand side, it says 26,655 parcels are in the Homeowner category. Going across on the X axis obviously it shows these ranges and the amount of parcels within that range. For example in the first bar chart it shows 2,622 parcels, those parcels are valued at 200,000 or less. The following, it shows 3,194, those parcels fall within 200,000 to 300,000, and so forth. What we wanted to identify here is where the largest group remains--and it's between 400,000 and 500,000, that's the 6,000 parcels. So I would think

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that it is pretty clear that about two-thirds or three-quarters of our parcels are less than 500,000 in value. That's all we're trying to present here for the Members. Currently, the average, as you see on the bottom we have a median assessed value, and that's about 431,000. And if you just look at our bar chart, it kinda just shows that majority of the parcels fall within 400,000 and 500,000. So it's within that range, that's where majority of our parcels represent. And then you can follow it out, and topping out at the highest home exemption ... well the homeowner property at little over \$14 million. On Page No. 3, titled, Homeowner Exemption Amounts from 2003 to 2011, this shows you a representation of historical data. It shows you the last nine fiscal years, including the current. As you can see on the top row, it just shows you the tax rate per \$1,000 of value within the Homeowner class since 2003. The next amounts, the next three columns, rows down, identifies from 2003 we had a tiered homeowner exemption rate. The basic being at 50,000; when you got up to 60 to 69 years of age it, graduated to 80,000; and at the age of 70 or older it was at 100,000. That age exemption ended in fiscal year, well actually Fiscal '04, Fiscal '06 which is 2005 assessment year, where it went from 110 to 200; and then in 2006 to 300,000; and then it's remained the same. In the middle section there it talks about parcels paying minimum tax. And you can see that in 2003 there were approximately little over 1,000 parcels paying minimum tax, and it's gradually increased till today, which would be the highest in the last nine years at little over 8,000 parcels. What's interesting is the percent amount within the Homeowner class--that you see that in 2003, 5 percent of the homeowners were paying minimum tax, and now today we're at about 30 percent of the parcels paying minimum tax. They...the last section, or in the middle of the page, it talks about the average assessed value per parcel that identifies the average value that we have on our rolls within the Homeowner class. And you can see it started at 293,000 in 2003; it increased and peaked in 2007-2008; and since then it's come down. What that shows was basically the exemption amount over the years which brings you at a net taxable value and the ratio of the exemption of amount to value. So you can see in 2003 the exemption was 17 percent of the average value of a parcel, slightly going up and then going up to 51 percent in 2006, slightly dipping and then going back up in 2009, and now we're in 2011 at 59 percent of the parcels are the value...the exemption value to...the exemption in comparison to the value. On the bottom is just a graph just to show where the average values are. As you can see, somewhat a bell, reversed bell curve or bell curve and the exemption amount increasing in 2006 and staying flat to the current year. On Page No. 4, it's just a comparison of the Homeowner taxes by county. This we used just an average value using a parcel at about half-a-million dollars and providing to you, by county ... with that value and their basic exemption. Or actually, I'm sorry. What we're showing there on the top part is the maximum exemption--because the other counties have tiered exemptions, what we wanted to provide to you is the maximum exemption amount allowed in the other counties compared to Maui County. It brings it to a net taxable value ... applying the Homeowner tax rate. And then in the fourth row it shows you 2011 taxes for \$500,000 Homeowner parcel and the associated taxes if you were in that county. In the last two rows, it shows that the Maui proposed, we just gave you two scenarios, should it move to 250 or 200 these are just examples of the taxes that you would be expected to pay. Going further down, as you can see it says assessed value again, it says less *basic* homeowner exemption amount, that is the base level at all the other counties, and similar to how we did in the top. It's just giving you examples of what people are paying in other counties should that value be there. Page 5 is just the last handout that we have for you

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today, showing you the last nine assessment years and the exemptions by county. As you can see in 2003, all of the counties were relatively close with Maui County at 50,000, Honolulu at 40, Hawaii County at 40 and Kauai at 48,000. And as you can see progressively for Maui County from 2004, '05, and '06, we rapidly increased while all the other counties till today from 2003 have remained...their home exemptions have remained the same. And on the bottom just gives you a graph of 2011 of the current exemption amounts by counties. And, Mr. Chairman, that's all I have for you this afternoon.

CHAIR PONTANILLA: Thank you. Just a fast question. Maybe you don't know the answer, but I'll just ask you. Throughout the years from 2003 to 2011, you know, if you compared the operational cost for each of the county, based on the tax revenues that we receive, do you have any comparison in regards to what was back in 2003 like say City and County of Kauai...or City and County of Honolulu, Kauai County, County of Hawaii? You know what were their operational budget in comparison with the revenues that they receive up to today?

MR. TERUYA: Chairman, I wouldn't be able to comment. I don't, I don't know their statistics, sorry.

CHAIR PONTANILLA: Okay, thank you. Members, questions? Member Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. Thank you, Mr. Teruya, for the information. You mentioned that the other counties have tiered rates. Can you explain?

MR. TERUYA: Yes, on Page No. 5 it identifies for you, very clearly, the age groups for each exemption amount that the counties provide.

COUNCILMEMBER BAISA: So it's based on age?

MR. TERUYA: According to all the counties, even ourselves back in 2003, that was how we, we choose to do it. Yes.

COUNCILMEMBER BAISA: I remember that, you know, you used to get an exemption if you were over 60 or something and we took that away. I was wondering about other kinds of tiering. You know we've sat here and talked at different Real Property Tax hearings and meetings about tiering the amount of the exemption based on value of the real estate. Yesterday, I was given a great idea, that maybe we could tier it based only on land values so that people who have, you know, very expensive properties may not necessarily need a \$200,000 exemption, whereas people that are poor and have, you know, low, small valued land really need the valuation. So I was wondering, have we looked at any other way of possibly tiering rates besides age?

MR. TERUYA: Ms. Baisa, no, we have not entertained a discussion as to how we would do that. I would caution it is a very good idea to, as you had pointed out, but for every good idea comes the other side of the cons of doing something like that. And whereby Hawaiian Homes is not being taxed on the land so they would not be afforded an exemption, you would have to deal with that. In apartment properties, normally have a very low valuation so they may be afforded, you know,

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have some concern with that. I would even say that agriculture properties receiving agriculture use values, that the values of their land are very low, so they may not be afforded one or not similar to others. So there...although there's probably good merit, there is still another side to address that the Members would have to look into.

COUNCILMEMBER BAISA: Yeah, I agree with you that, you know, it appears that nothing that we decide here is straight up. Everything is always complicated by what if and unintended consequences of possibly not looking at all of the options. But I just wondered, you know, if Maui County had ever spent the time and energy to really take a look at anything besides age. Because what we're here talking about today, of course, would be across the board, a reduction from 300 to 200. And I think that, you know, we have to do something. I have no, I have no problem with the idea we have to do something. You know, I pulled up my own tax record on my own house and the property that I own, it's not the property I live in, but the property I own and when I looked at 2003 was really interesting because the value of it was 303,000 and I paid \$919. And then if I had a homeowners exemption today, which I don't have because I don't live in the house so I don't claim one, I would be paying only \$449 and that's in 2011, and in 2003 I was paying \$919. And, you know, because I don't have a homeowners, I pay, I will be paying \$2,638, and so, you know, we have been very kind and generous to our homeowners. After just getting through the budget exercise and realizing that we're gonna have to do something about revenues next year otherwise, we're gonna be sitting there trying to figure out how to raise the rates. 'Cause we're gonna have to have the money somehow to pay the bills. This is a tough one, I do believe the time has come that we're going have to do something about what we're charging our homeowners. Thank you.

CHAIR PONTANILLA: Thank you. And, Mr. Teruya, you provided us with some numbers in regards to home sales in Maui County. I just was reading the *PBN* and they had some statistics in regards to the medium [*sic*] sale price for single family. It had dropped down from 442,000 to 421,000, so it continues to go down. So we continue to receive less revenues through real property tax. Member Baisa?

COUNCILMEMBER BAISA: Chair, may I finish? Chair, there is one other piece of information I forgot to share. I said in 2003 that was \$303,000 when I, you know, went that far back. At one point it went all the way up to a \$705,000; and today it's back to 479 and we know that it's gonna slip farther this year. So, you know, this is happening everywhere and what I have seen this County do, apparently, is that we have raised the exemption to try to protect our homeowners when our real estate prices were elevated and really inflated beyond what was sensible. And now we're heading down the other way, and I think it behooves this Council that we need to pay attention and adjust these things to adjust to the real estate values. Of course, I'm still an advocate and I still believe that I'd like to see us spend the time to *really* look at an overhaul of our property tax system, and see if it is truly the best thing we could be doing. But for this *time* and in the time that was granted to us today we're just looking at the homeowners exemption. Thank you.

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CHAIR PONTANILLA: Thank you. Members, any more questions for the Administration?
Member White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. Mr. Teruya, when I, I went through the real property tax system, and I was just randomly picking parcels to see what kind of a change in value they've had over the last three or four years. And the majority of the ones that I found have seen reductions of at least a couple hundred thousand dollars in value, but if...that's just a spot check. But if you were to take the total valuation and divide it by the number of homeowners in that category, what is the average reduction per parcel from, from its height to where we are now?

MR. TERUYA: When I looked at the Homeowner class, I mean we don't look at it as just as single family residences because we do stratify and we --

COUNCILMEMBER WHITE: Right.

MR. TERUYA: --put them by categories. In the Homeowner classification, I can just speak from 2011 to 2012 fiscal year that the Homeowner class received a 20 percent reduction, in general. I'm not saying that each property --

COUNCILMEMBER WHITE: Right.

MR. TERUYA: --you know, moved by that much, but the *class* itself reduced in assessed values of 20 percent.

COUNCILMEMBER WHITE: So would you say that the reduction from say 2008, when the values as you mentioned were, were high and we had already implemented the, the \$300,000 exemption, from that height what would you say the average decline is? In, in, in a dollar value as opposed to a percentage?

MR. TERUYA: Okay, well, if you tell me in a dollar value from what you're looking for, is 2008 to 2011, it went from 689 to 507.

COUNCILMEMBER WHITE: So it dropped from...

MR. TERUYA: 689,000 to 507,000.

COUNCILMEMBER WHITE: Okay --

MR. TERUYA: Yeah.

COUNCILMEMBER WHITE: --so the reduction in the exemption by 100,000 is still leaving them, leaving the value at a point where it's *lower* then it would have been several years ago. They'll be paying on a lower value, a *still* lower value than they were several years ago?

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MR. TERUYA: Yes, just by using averages I would say yes. On a case-by-case basis you're going to run into some that prices stayed flat --

COUNCILMEMBER WHITE: Uh-huh.

MR. TERUYA: --you know, so they may lose out. But on average I mean it's, it's, it's so hard you cannot go through the 23,000 and look at every exception, you're never, just never gonna find parity among all those parcels. But on average I would say, you know, if you've held your property for the last 10 years, you're gonna see that reduction, you're gonna see that 20 percent fall in, over that period. I'm sure this this number is a lot larger than 20 percent. So yes, definitely a 100,000 exemption, 100,000 would, would be fair. I'm not saying it's fair to *all*, but I would say in accordance to where your values are, I would say that most properties are still getting a bigger exemption amount than they were in 2008.

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

CHAIR PONTANILLA: Thank you. Members, any more questions for the Administration? I was handed out a note from Staff here. You know, Members, with minimum tax at \$150 all homes with the 300,000 exemption valued at 360,000 will pay a minimum tax. Only after homes that are valued more than 360 then you see an increase to their taxes. So, you know, what we've gone through in the last budget cycle, you know, it opened up our eyes. You know we tried to increase the minimum tax and, and, you know, we just didn't. So we need to insure ourselves that come 2013 that we are prepared to meet some of the challenges that, you know, some of you will be facing at the time. So, Members, if there's no more questions...

COUNCILMEMBER COCHRAN: Chair?

COUNCILMEMBER BAISA: Chair?

CHAIR PONTANILLA: Oh, I'm sorry, Member Cochran?

COUNCILMEMBER COCHRAN: Mr. Pontanilla, just following up on the comment you brought forward from Staff. Looking at Page 2 from what Mr. Teruya had given us, the graph, the 500,000 to 600,000, you know, if you...we dropped it to the 200,000, would that be the brunt of...I mean anything below that, that amount will be sorta protected, I guess in a sense, then from that point on is who will be affected or so. Is that kind of fair to say? Or --

MR. TERUYA: Chair?

COUNCILMEMBER COCHRAN: --you know what I mean, Mr. Teruya, maybe?

CHAIR PONTANILLA: Mr. Teruya, please?

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MR. TERUYA: At the proposal, at the 200,000 rate...currently any property because of the 300,000 exemption, any property 360,000 or below is paying the minimum tax. Now if it was to be reduced to 200, then all properties from 260,000 and below will be paying the minimum tax. So I would say the answer is any property over 260, you know, would be paying *slightly* more, that's really where the areas are affected, yeah.

COUNCILMEMBER COCHRAN: Which is the, that 6,056?

MR. TERUYA: Actually --

COUNCILMEMBER COCHRAN: Or that's the ...*(inaudible)*...

MR. TERUYA: --all those parcels some are from the second row, half of that second row and above, yeah, yeah.

COUNCILMEMBER COCHRAN: Thank you. Thank you.

MR. TERUYA: And, Chair, if I could, Chair?

CHAIR PONTANILLA: Go ahead.

MR. TERUYA: Just to follow up on Councilmember White's question, the, the reduction from 689 to 507 is about a 27 percent reduction, so that would be somewhere around 215,000 would be where it would be, if we were talking about apples to apples.

COUNCILMEMBER WHITE: Okay, thank you.

CHAIR PONTANILLA: Thank you. Member Baisa, followed by Mr. Hokama. Question?

COUNCILMEMBER BAISA: Chair, just a quick question that is not really relative to what we're talking about but it was brought up during testimony and it came up several times during the budget process. And I'm wondering if we, at some point, and when and how are we gonna deal with this. But, you know, there's been a whole lot of comments about the word or the name Circuit Breaker. Is there any intent to deal with that? You know it sounds like some energy-saving device or something and it's really misleading and I'm wondering when we're gonna be able to do something with that? ...*(Laughter)*...

CHAIR PONTANILLA: Soon as we deal with some of this problems that we facing today.

COUNCILMEMBER BAISA: I see, so...

CHAIR PONTANILLA: No, I understand where you're coming from and I think there was a --

COUNCILMEMBER COCHRAN: Testimony?

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CHAIR PONTANILLA: --an example over here --

COUNCILMEMBER BAISA: Right

CHAIR PONTANILLA: --what it should be, yeah?

COUNCILMEMBER BAISA: Right.

CHAIR PONTANILLA: And maybe we can follow that.

COUNCILMEMBER BAISA: Thank you very much, I think we need to deal with it. Thank you.

CHAIR PONTANILLA: Yeah, thank you. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, I think...I understand the history with this exemption. I understand how we got here today, so I'm ready to make a decision on this proposal. But I think part of the questions that we should be at least contemplating this afternoon is in regards to--especially this component, what do we expect homeowners and Residential tax category to pay regarding General Fund requirements, 20 percent, 50 percent of the pot, 5 percent of the pot? I think once we understand how each category fits in the total structure and, you know, Members have eluded to it, testimony has eluded to it ... there might be better understanding and sense why certain components, and we only looking at one small component this afternoon, how it fits in the bigger picture. Okay, for those of us that have worked on it for many, many years and we are very familiar with it, we can take an isolated thing and still make it fit in our brain as part of the big picture. But there's many people out there that don't have our understanding or access to information and so it's difficult for them to understand isolated proposals such as this one. And that's why I bring it up in the discussion at this point, Chair. You know, I think comes a point where what should the homeowner expect to pay his fair share for services and programs that the County provides. This budget session I think we tossed around the number of \$6,600 is what the average, what, household or individual gets from County benefits, from fire protection, police protection, our water system, our sewer system services, the parks, and yet we, you know, we have people who say I have a hard time paying \$150 to get over...about \$7,000 of benefit. This also comes a question regarding what the homeowners pay--they don't wanna pay more, but yet they tell us to give more to non-profits whereby this County gives more than *double* all the *total* counties' outlay every year, of our three neighbor counties. So until we get, I think, a better understanding of what is being expected and *why* do they feel the *County* should be the one to pay for the certain things ... and again maybe it's part of our generation but, you know, when my mother wanted to do non-profit, she actually walked house to house for March of Dimes, she actually went and knocked on neighbors' doors. They didn't come to the County and say can you fund March of Dimes. The individual made those decisions on who to give, how much to give, and when to give, not the government. You know, but now we are being given these so called tasks and responsibilities in this era. So if that's what the community wants, the residential, the homeowners space wants, then fine. But we're gonna ask for the adjusted

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compensation to take care of your need for us to do what you want instead of what they want...they should be doing for themselves. So I just bring it up, Chairman, because I think it's important, you know, that we discuss it. I think there's a time where we should maybe have the whole picture on the floor for some general discussion. 'Cause I'd like to know what Taxation thinks about how each category in our total structure, what is fairness versus commercial properties. For Mr. White under Resort Hotel properties, what Time Share properties should pay. What Agriculture should pay. What Conservation should pay. 'Cause if...then we have a sense of understanding of how each category *pays* its fair proportion to the total General Fund requirements, you know maybe there'll be better understanding of how we approaching things. You know our sister counties in the Midwest break it down on their property tax bill--of course they do taxation differently, they have school districts, fire districts, water districts, compared to how we do it. But on some of their tax bills they break it down, Chairman, you know, so much for schools, so much for fire, so much for police, so when they get the tax bill they going, oh, okay, my \$1,000 bill, 300 went for first responders and public safety, so much went for my parcel, and understand where their money is gonna go. You know I hate to think we gotta draw pictures to that level but, you know, it's what some of our counterparts do to make people understand where and how their tax money is being used. Maybe it's something we need to think about. But I just wanna put it on the record today that this is something that I think at this point in time is fair, but, gentlemen, what I would also hope you would come to us is, is this the right time to make a decision on this number? Is it more appropriate during the budget session when we get the certified tax number to make the appropriate adjustment? Is it, should be after the first half of collections of real property tax that we should view and then make the appropriate adjustment? You know, you folks have any thoughts to that this afternoon, gentlemen?

CHAIR PONTANILLA: I can provide a quick comment.

VICE-CHAIR HOKAMA: Sure, Chairman.

CHAIR PONTANILLA: When we were formulating the 2011 Budget back in 2010, part of the discussion was exact, some of the things that you say--looking at, you know, the certified roles and the like and projecting one year ahead so that by the time we approve that budget or the amendment in regards to the home exemption, that come 2012 we wouldn't have dealt with, you know, things like the minimum tax ... what we just did this past budget session. So, yeah, we looked at, you know, certified roles and the like, doing some projections, that's what was done by the previous Administration and that's the reason why we brought it forward at the time. So, yeah, so, Mr. Teruya or Mr. Agsalog, if you could?

VICE-CHAIR HOKAMA: And again, Chairman, before the gentlemen answer, you know, I understand what, the answer you got was what the *last* Administration's direction and policy was. You know now we have --

CHAIR PONTANILLA: No, no, I understand . . . (*inaudible*) . . .

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VICE-CHAIR HOKAMA: --a new Finance Director, and maybe their approach might be the same --

CHAIR PONTANILLA: Yeah.

VICE-CHAIR HOKAMA: --but if it is different I would like to hear if Mr. Agsalog has some things to share with us from Finance Director's standpoint.

CHAIR PONTANILLA: Administration?

MR. AGSALOG: Mr. Chair, we know that we have some timelines that we have to satisfy according to our Maui County Codes, as far as sending all those rolls to the public and their time to appeal and all that. So there are issue as far as it, adjusting the exemption during the budget time. However, you still have the ability to adjust the rates as far as what was the Members were talking about what amount would this particular category should contribute to the General Fund. So I think adjusting the exemption before budget time is the most logical things to do, so that we can implement it for the next fiscal year, budget year, Mr. Chair.

MR. BAZ: . . . Maybe--

CHAIR PONTANILLA: Mr. Baz?

MR. BAZ: Yeah, thank you, Mr. Chair and Mr. Hokama, I appreciate the, the question. You know there was a different administration and, and possibly a different philosophy on this. The timing of the discussion and decision on homeowner exemption does not align with the budget process when you're looking at the...it in relation to the total tax lien that we're gonna be receiving. So when you're looking at the assessed value of the properties--and the homeowner exemption is based on the assessment. And so this is, you know, in, in our understanding, a way that you, as the County Council, would make the decision to adjust valuations. You know we get a lot of questions about our tax bill and what it, it relates to and a lot of times they think that their assessed value of their property is what they're appealing, excuse me, the *rate* is what they're appealing but they cannot appeal the *rate*, they can only appeal the assessed value of the property. And so this is an impact to that assessed value of the property, which may or may not reflect an increase or decrease in the actual revenue that the County is gonna be receiving. So if you make a decision today, the County...the Mayor and the County Council will have the opportunity before implementing next year's budget a decision that would be based on approximate values, and then, you know, eventually on April 19th certified values of what we're looking at for revenue for Fiscal Year '13. So I guess now is a better time than any to look at homeowner exemption if you're gonna be looking at it at all. If you wait till next year when we're looking at the whole budget again, we're gonna have the same issue of it not being applicable until the following fiscal year.

CHAIR PONTANILLA: Thank you. Mr. Teruya?

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MR. TERUYA: Chairman, Chairman, just a quick comment from the Real Property Tax Division. As you know, we mail out our notices on or before March 15 of every year. Obviously, we need some lead time for that number to go to the printers, et cetera. Ultimately, the calendar year does start January 1. The Division would recommend that we make, set the exemption prior to the start of the calendar year. That is just our...that is probably the best because as of January 1 we're already doing revenue figures, and that would probably really assist the budgeting process. But the deadline date, I would say would probably be mid-February, yeah. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Department? If not, the Chair would like to make his recommendation.

COUNCILMEMBER BAISA: Recommendation?

CHAIR PONTANILLA: Chair's recommendation is to pass on first reading A Bill for an Ordinance Amending Section 3.48.450, Maui County Code, pertaining to Real Property Tax Home Exemption; and filing of the item.

VICE-CHAIR HOKAMA: I make the motion, Chairman.

COUNCILMEMBER WHITE: Second.

CHAIR PONTANILLA: Okay. Been moved by Member Hokama, second by Member White. Members, any discussion? Seeing none...Mr. White?

COUNCILMEMBER WHITE: Mr. Chair, I certainly support you in this measure because as the Tax Director pointed out, we're not *fixing* any taxes by making this, this change because whatever we do today can be altered either up or down based on what we do with the tax, tax *rate* itself. And at this level, Maui's exemption remains *significantly* higher and significantly more generous than any of the other islands. And, Chair, just to, just to add a little more perspective to it, Mr. Hokama shared with you the amount of cost that the County incurs on behalf of each household on Maui, that number being in the neighborhood of \$6,600. That, that does not include the water and sewer and all the special funded items, that's *just* what is provided through General Fund. And to put that in perspective, the Homeowner category makes up *half* the households on Maui and each household with this year's budget will be asked to provide \$578, and that's, you know, that's a very small percentage of the cost of the services that they're providing. In addition to that, another perspective is that in the...in 2005 the Homeowner's category provided 15.9 percent of the Real Property Tax collections. In this year's budget that figure has dropped to 7.35 percent, that's a significant change in what we have asked the homeowners to provide. That change results in a drop from roughly 21.3 million to 15.5, so again this is, this is a move that's not asking them for *more* taxes than they've paid for in the past, it's actually just giving us options to move a little bit more, more rapidly to, you know, to, to fix our challenges than we've been able to in the past. Another perspective, Chair, is I mentioned that it's 7.35 percent of the real property tax collected, it's the Homeowners collections of \$15.5 million compare to just what we've had to provide by law to the Employee

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Retirement System and the other post-employment benefits, those two combined are roughly \$50 million, that's more than *three times* what we get from the Homeowner category, half the households on Maui. That amount, the \$15 million is just a small portion of the Fire Department's budget, it's probably no more than a fourth of the Police Department's budget if you add the benefits and so forth. So, Chair, we're, we're...we've never asked much of our Homeowners class, so I think that's, that's reflected by the fact that there are not many people here today. And I respect all the testimony, but the reality is that of the total operating budget, the amount that we collect from the homeowners amounts to 3., 3.3 percent of the operating budget and 2.7 percent of the total budget, this is for half the households on Maui. So I think this is a fair thing for you to request of us and I think it's something that we should all be very comfortable supporting, again because we're not *fixing* a level of tax --

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER WHITE: --we're simply giving ourselves options, and we're still way more generous than any other County. So with that I support you, Chair.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair, and I, too, will be supporting your recommendation. Of course, you know, it's always difficult when we're asked to raise anything because everybody worries and, you know, nobody wants to pay any more and times are hard and all of the reasons that we understand why things are very difficult. However, what is in the back of my mind is that, you know, reading the daily papers and listening to our real estate professionals, it's kind of scary because home values continue to drop, and this is what our property tax system is based on right now. And if we don't do something now and these rates drop again another 10 or 15 percent this year, we're going to be in a real bind next year to try to pay our bills here at the County. And, you know, this budget was a very good exercise, it was a very difficult exercise, but it did point out that, you know, there are things in our community that we value that are near and dear to us and if we want them then we have to start figuring out *now* how to begin to put money aside so that we can take care of it. Otherwise, we gonna be sitting here with an even bigger problem during the next budget session. So I think this is a first step in taking care of getting ready for next budget. Thank you very much.

CHAIR PONTANILLA: Thank you, Ms. Baisa. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. Difficult times for all, obviously, and it's been a really enlightening discussion. I really appreciate Mr. Hokama's comments in particular. It seems at times when we discuss something like this that there is no right way, and it makes it really, really difficult for, I know, not only me but all of us, the Chair and everyone else. I'm going to support this, but I will say now I don't know if I'll support it at first reading. I'm going to really scrutinize this and see the comments today and try to do some more research on my own, and I hope everybody else does because we always looking at that . . . (*laughter*) . . . the unknown factor. And we don't want to see this hurting our families. We have these exemptions

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because of families, for the most part, yes, they've been giving a small amount, but for the most part, those are the core, those are the people that make Maui what it is. And we've made it that way because it *is* so hard out there on them and it's one of the things we can help with. So I will be supporting the Chair's recommendation, but I will say now that at first reading I cannot say at this time if I will be supporting it. Thank you.

CHAIR PONTANILLA: Thank you. Any more discussion, Member White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. You know, I think Councilmember Carroll brings up a good point. It really gets back in my mind to us taking the time to address the Circuit Breaker--and I realize that's not the right term but, you know, it's the only one we've got right now. Because I feel that we quite often make decisions on tax policy that applies to many, many, many people and sometimes shy away from decisions like this because of the impact on a few. So, Chair, I, I would like us to proceed with a further examination of, of the Circuit Breaker, because the Circuit Breaker needs to take care of the people that can't take care of themselves. We need to have that as a safety measure, we need to have that as a way to not overburden people that, that deserve to be better treated, but at the same time, well and the reason I think we need to do that is because we can't allow the concerns of the people that can afford it. We need to address the concerns of the people that can't afford it so that those that are able to pay, we can charge fairly. So I hope that, you know, by the time we get to first reading maybe we can at least start putting a framework together on where we can go with the Circuit Breaker to make all the Members more comfortable that whatever we do here today or at first or second reading is gonna be easily palatable because we have a framework with which to, to handle the challenges that it may cause for people with lower incomes. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Staff, do I have an item regarding Circuit Breaker?

MR. KANESHINA: Thank you Chair, I believe there was a discretionary referral made by the Budget and Finance Committee in the Fiscal '12 deliberations.

CHAIR PONTANILLA: Okay, fine, thank you. And we'll take it up.

COUNCILMEMBER WHITE: Okay.

CHAIR PONTANILLA: Any more discussion? A new name probably can be what was presented earlier, tax relief benefits. But for your information, Members, what is now projected for Fiscal Year '13 revenue numbers are going to be between 5 and 10% lower. So I think we should take this action as we move forward to meet the Fiscal Year 2013 budget. Any more discussion? If not, all in favor of the motion, please say "aye".

COUNCIL MEMBERS: Aye.

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CHAIR PONTANILLA: Any opposed? Seeing none, motion is carried with six “ayes”; three “excused”, Member Couch, Member Victorino, and Chairman Mateo. Motion is carried. Thank you.

VOTE: AYES: Chair Pontanilla, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, and White.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmembers Couch, Mateo, and Victorino.

MOTION CARRIED.

ACTION: FIRST READING of bill and FILING of communication.

CHAIR PONTANILLA: Members the second item this afternoon is...short recess, maybe one minute ...(*gavel*)...

RECESS: 2:48 p.m.

RECONVENE: 2:54 p.m.

CHAIR PONTANILLA: ...(*gavel*)...The Budget and Finance Committee meeting is now reconvened. Members ...(*pause*)... before I ask for a reconsideration, the Chair would like to explain something on the bill. The Chair would like to revise the date on the second page, Section 3. Right now the Section 3 reads: this ordinance shall take effect for tax years beginning on or after July 1, 2011. Chair would like to change that date to July 1, 2012 instead. So at this time, the Chair would like to ask for a reconsideration on the motion.

COUNCILMEMBER BAISA: No objections.

COUNCILMEMBER WHITE: No objections.

COUNCILMEMBER COCHRAN: No objections.

CHAIR PONTANILLA: I need a motion.

COUNCILMEMBER BAISA: So move. ...(*laughing*)...

CHAIR PONTANILLA: And a second?

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COUNCILMEMBER COCHRAN: Second.

CHAIR PONTANILLA: Okay. Moved and second for reconsideration. So, Members, at this time the Chair would like to restate the motion. Chair would like to propose the bill entitled, A Bill for an Ordinance Amending Section 3.48.450, Maui County Code, Pertaining to Real Property Tax Home Exemption to be passed on first reading. I'm sorry, yeah, before I do that, I wanna take a vote on the reconsideration.

VICE-CHAIR HOKAMA: Chairman, recess.

CHAIR PONTANILLA: Recess? Short recess, stay where you are. ...*(gavel)*...

RECESS: 2:55 p.m.

RECONVENE: 2:56 p.m.

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting is now reconvened. Members, at this time, the Chair would like to call for the vote on the reconsideration. All in favor of the reconsideration, please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any opposed? Seeing none, motion is carried, six "ayes"; three "excused", Member Couch, Member Victorino, and Chairman Mateo.

VOTE: AYES: Chair Pontanilla, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, and White.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmembers Couch, Mateo, and Victorino.

MOTION CARRIED.

ACTION: APPROVE reconsideration.

CHAIR PONTANILLA: Members, the Chair's recommendation is to pass on first reading, A Bill for an Ordinance amending Section 3.48.450, Maui County Code, Pertaining to Real Property Tax Home Exemption; and the filing of the item.

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VICE-CHAIR HOKAMA: So moved.

COUNCILMEMBER WHITE: Second.

CHAIR PONTANILLA: Moved by Member Hokama, seconded by Member White. Any discussion? Members, the Chair is looking for a motion to amend the date as noted on Page 2, Section 3, from July 1, 2011 to July 1, 2012.

VICE-CHAIR HOKAMA: Move to amend.

COUNCILMEMBER BAISA: Second.

CHAIR PONTANILLA: Moved by Member Hokama, seconded by Member Baisa. Any more discussion? If not, all in favor of the motion, please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Motion is carried, six "ayes"; three "excused", Member Couch, Member Victorino, Member Mateo.

VOTE: AYES: Chair Pontanilla, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, and White.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmembers Couch, Mateo, and Victorino.

MOTION CARRIED.

ACTION: APPROVE amendment.

CHAIR PONTANILLA: And, Members, if you would allow the staff to make non-substantive changes to, to the ordinance, the Chair would like, would appreciate that. If there is no objections?

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you. The next item...

MR. KANESHINA: Excuse me, Mr. Chair?

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CHAIR PONTANILLA: Yes.

MR. KANESHINA: I believe we're, we're back to the main motion --

CHAIR PONTANILLA: Oh, I'm sorry.

MR. KANESHINA: --just to pass it.

CHAIR PONTANILLA: Back to the main motion as amended. Any more discussion? All in favor of the motion, please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Any "noes"? Seeing none, six "ayes", zero "noes". Motion is carried. Excused are Members Couch, Victorino, and Mateo.

VOTE: AYES: Chair Pontanilla, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, and White.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmembers Couch, Mateo, and Victorino.

MOTION CARRIED.

ACTION: Recommending FIRST READING of revised bill and FILING of communication.

CHAIR PONTANILLA: Whew, that took long. Okay. The next item is BF-75, Real Property Tax Home Exemption Qualifications. The purpose of the draft bill are to amend the criteria that qualify a taxpayer for a home exemption and to facilitate the administration of the home exemption by the Department of Finance. At this time, the Chair would like to call on Mr. Agsalog.

**ITEM NO. 75: REAL PROPERTY TAX HOME EXEMPTION QUALIFICATION
(C.C. 11-159)**

MR. AGSALOG: Thank you Mr. Chair. We'd really appreciate you help in help us in giving us the proper tool to properly implement our collection of property tax. I think the proposed amendment--and this is, I'm speaking as the Director of Finance, that's why I have the Budget

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Director here for the Mayor's Office, that in our Division of Real Property Tax we have discussed this extensively and how to work with the Code, and the current proposal that you have, Mr. Chair, would really help us in giving us the tools that we need to do this. And my Administrator, our Administrator from the Real Property Tax has been working very hard to work with you and your Committee also in trying to get as much ideas how we can provide a better way of implementing this. So I'd, we'd really appreciate it, Mr. Chair, from our Department and the Division of Real Property Tax, if we can really get good language in our County Code. Thank you Mr. Chair.

CHAIR PONTANILLA: Thank you. Mr. Teruya, any comments?

MR. TERUYA: No, Chair. I believe I've worked quite some time with Councilmember White with the drafting of this bill and working with the language. So I appreciate the time that he and his staff has put into the measure. There is a lot of good things and very good merit for the things that we are looking for, for our compliance issue, and I'll leave it at that for now for opening comments. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, comments for the Administration at this time? None? Mr. Hokama?

VICE-CHAIR HOKAMA: Chair, I just wanted to ask Mr. Teruya, should this proposal go forward, which I'm very, very open to and happy to see the proposal, from an enforcement point of view, Mr. Teruya, Mr. Agsalog, do you foresee additional resources on your part to bring this policy into compliance?

MR. TERUYA: Be honest with you, I don't know. I think the biggest portion of our compliance issue would be with whether or not we are going to be able to obtain these tax clearances from the State, from the taxpayers, from the State of Hawaii. That is really the question I don't know how to answer. If it proves that people are not able to get timely receipt of these tax clearances, then I don't know how good the measure would be. The other portion is we still have a MOU with the State of Hawaii in getting some of the data.

VICE-CHAIR HOKAMA: Uh huh.

MR. TERUYA: You know, the State has been challenged with furlough days and shorthanded in staff. So I can see their concern as well. The State does fully intend to cooperate. It's just that right now the resources are low. Dave DeLeon had very good merit as to resources and where we could verify. It's just that the State is not at that level where they can cooperate, we can cooperate in a, in a timely manner to get all the data that is needed. So as far as the resource staff-wise, I would say that we have, we like to think that we are right size to operate the compliance issue on this. Like anything, when you do deny home exemptions, you are required to notify by certified mail, et cetera. And there are oftentimes that there are going to be legal challenges through the Board of Review or the Tax Appeal Court System that you have to do your filing and, you know, all those. So in that sense we will find out. As long as nobody, as far

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as staff takes extended leaves then I would hope that we are able to accomplish what the Council would like us to do.

VICE-CHAIR HOKAMA: Okay. No, because I'm asking because if, you know, 'cause as I said earlier, I'm open to this proposal but I would like to also know if there's something from *your* side that you need to make it work very well. Then I think we should be made aware of that --

MR. TERUYA: Uh-huh.

VICE-CHAIR HOKAMA: -- and to make the appropriate adjustments or appropriations or whatever it be if we feel this is well to go after, Mr. Teruya.

MR. TERUYA: Well, with all due respect to you folks and my administration, we had provided information to Mr. White's office that if we had a tax clerk to at least, at least administer the, the filings and the mail-outs that's necessary by statute, then that would be appreciated. But I'm not here to beg you or tell you that I need it to work the program. It's just it would definitely *help* us in compliance of what is *necessary*, because we know initially we are going to have about 3,000 certified mail as soon as we're ready to operate this program. And by all means that takes a lot of work. Not only do you have 3,000 to mail out, you're going to have 3,000 to come back, and then you have the board process. Because anytime you deny somebody exemption, they also have the right to appeal within 30 days.

VICE-CHAIR HOKAMA: Uh-huh.

MR. TERUYA: Yes.

CHAIR PONTANILLA: Thank you. Mr. Hokama?

VICE-CHAIR HOKAMA: No, but I think again, yeah, Chairman. If part of the so-called advantage side of the proposal is we gonna recapture X amount of dollars, let's say a million dollars and part of the disadvantage is we need to consider a position that's gonna be worth \$75,000 and plus whatever requirements or space and equipment, you know, spend 100,000, get a million dollars, I mean kinda makes sense, you know, for us. And that, I think that's the type, you know, helpful information that makes us make better decisions as Councilors. So, you know, if, I appreciate you allowing me to kind of move into what it would take to make this work, because I don't wanna be here next year and said yeah, you guys approved the new policy for Mr. White's proposal, but you never gave us the tools to make it work, so we never do anything for one year and now we asking for you in budget, well --

MR. BAZ: Mr. Chair?

VICE-CHAIR HOKAMA: -- that's nine months too late for me.

CHAIR PONTANILLA: I agree.

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VICE-CHAIR HOKAMA: You know, so again.

CHAIR PONTANILLA: Member Baisa?

COUNCILMEMBER BAISA: Chair, I think Budget Director's trying to say something. I'll wait.

CHAIR PONTANILLA: Okay. Mr. Baz?

MR. BAZ: Thank you, Mr. Chair and Mr. Hokama. You know, as expressed by the Administrator, they feel that they do have right-sized resources at this point. If it becomes evident that in implementation of this that they, resources are inadequate via it, you know, being operating expenses or positions, that'll be something that, you know, we'll look at as management and be able to adjust, whether it being adjusting internally or coming back to you for a budget amendment. We'll be happy to do that to make sure it does get implemented properly.

CHAIR PONTANILLA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Okay.

VICE-CHAIR HOKAMA: One last comment, Chair, make sure that, you know, and again my part is the Council is asking upfront. So don't come later and say, you know, you guys never did ask us for what it would take to make it work. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Thank you, Chair. I certainly can support the comments of Mr. Hokama. You know, it seems like a good investment if you spend 100,000 to make several million. I mean it's not bad at all. But I wanted to ask about this process and the whole subject of having to get a tax clearance. You know, what I understood we were gonna ask for and, you know, I'm looking at all the additions, the underlining that we're putting in this ordinance. We say that you need to file and filed an income tax return as a resident, and then later on it says in "D", the Director may demand documentary evidence such as a tax clearance from the State of Hawaii. You know, getting that tax clearance is what is gonna cause the problem, because you know as a non-profit, I used to work for a non-profit before, we would always ask for tax clearances, and we'd have to go to the Tax Department and fill out forms and wait for them to be able to process it and get it. Is it absolutely necessary that we get a tax clearance? Or could we say you want a home exemption, bring us a copy of the tax return you filed. And that's different from getting a tax clearance, 'cause that's in the taxpayer's possession, he should have it with him. You know, it might lessen this whole idea of waiting for a tax clearance, and I can see where a tax clearance in some cases might become important because, you know, there might controversy as to whether the return was filed, the taxes were paid, or whatever. But what we're trying to figure out is did you file a tax return in the State of Hawaii. And the taxpayer should

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have that with him and he should be able to bring it along with his application for an exemption. So why we have to involve the State? Thank you.

CHAIR PONTANILLA: Mr. Baz?

MR. BAZ: Thank you, that would be the first step in the process in the application, Ms. Baisa, would be the copy of the tax return that they filed within the State of Hawaii. What the item D there is for is a verification process, if for some reason we think either that tax return was not filed or there is some other reason why the Director of Finance would then demand some other form of verification. This tax clearance that we're requesting is not similar to the non-profit tax clearance.

COUNCILMEMBER BAISA: Uh-huh.

MR. BAZ: It would be similar to those individuals that are going to the Municipal Golf Course so that they can get a resident card. Basically, go over to the State Tax Office and they verify that you filed a State Tax return and they have this blank, kind of almost blank form that they checkmark a box and stamp it and that's basically how they get it.

COUNCILMEMBER BAISA: I'm trying to take them out of the equation so that we don't have this problem of the State not having enough employees. You know, it would seem to me that having a tax return copy in your hand, that says you filed one. And but ... you know, there's more than one way to skin a cat, and I don't want us to get caught up waiting to implement this rule because the State, you know, doesn't have enough employees and holds us up. So I think we can make it really simple by saying bring your paper.

CHAIR PONTANILLA: Thank you, before I call on Mr. White, before I lose my thought, one of the testifiers, Mr. DeLeon commented about, you know, those Kupunas, elderly that have been filing their taxes and now we saying to them to go get this information. So how do we make it easier for the elderly population here on Maui County? Some of them can hardly understand English.

MR. TERUYA: Chairman, we can do, I would present the Council with possible options. Option number one is also is we can also research our database to identify property owners over a certain age. I would just, let's just throw out 65 that do not...according to the State records filing income taxes. We can, one, we can send them a notice requiring them to file a income tax return. What's good about them applying for the return, in my opinion, is that should they be on limited income resource, this would also allow them to qualify for the Circuit Breaker. The Circuit Breaker identifies that you *must* file a return. So although it may be cumbersome for some, it may be opportunities for some as well, because if they are on fixed income this one of the requirements necessary for the Circuit Breaker program. Two, maybe not my recommended way, but you can, we could also adopt rules or to identify maybe property owners over 65 years of age and have not filed in the last 10 years and have owned their property for X amount of years, maybe we'd grandfather them for this initial process. I mean I'm just throwing out ideas there, Chairman, but like I mentioned, I think the Circuit Breaker program is important to a lot of

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people who may not be qualifying or maybe do not even *know* that they qualify for it. So by filing this return is one step of that process, because I know a lot of people come forth to us, is that they missed that one year because they did not file a return, and it's very clear in the Code that you must file a return. So another recommendation if you don't like that word "tax clearance" in there, I'm not sure if it would copy language in the Circuit Breaker Ordinance to provide a certified copy of a return. Just out there for recommendation, Members.

CHAIR PONTANILLA: Thank you, Mr. White?

COUNCILMEMBER WHITE: Thank you Chair. And I certainly understand Ms. Baisa's concerns, but one of the reasons it made me comfortable with asking for something more than just a copy of their tax form is that we're, the aim of this measure is to go after people who are gaming the system. And those people who are already gaming the system already have ways, you know, they're comfortable with getting around whatever we pass. That said, what's to keep them from bringing a tax form in that they've filled out but they never filed? So this is, this is a way of simply saying we're not gonna take at face value that you filed a return, we're gonna ask you to go and get a clearance, and I think that's a reasonable thing. How we go about that I'm not, you know, I don't really have any specific feelings, but, but I think we need to allow the, the Department to have some additional tools. Because the 3,000 people we are going after are those where the addresses don't match up --

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER WHITE: -- there's something fishy, and they've been taking, you know, in some cases they may have been taking advantage of this exemption for a long, long time. So this is not something that we're applying to all 20, you know, 26,000 or 27,000. This is what we're applying simply to those 3,000 or so that we think might be gaming the system. So, we require that they file, but I think for these folks we need to require that they provide a validation from somebody else than themselves.

CHAIR PONTANILLA: Okay. Mr. Teruya?

MR. TERUYA: Yeah, I would, I would say that, that is a very good measure. We're not here to single anybody out but you know, we do receive and you would be pretty amazed with some of the returns that we do, we receive. You know, I can see people making errors and whiteouts but you know we got quite a few of those, we do get some submitted in pencil, you know, we see a big array of filings. And like I said, I think I, I would appreciate, I appreciate actually what Councilmember White is mentioning, too. Because you do have some level of integrity or verification from the State as to what the actual number or the filing would be, so I would highly be supportive of that measure as well. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Department?

MR. AGSALOG: Mr. Chair, I just...

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CHAIR PONTANILLA: Mr. Aagsalog?

MR. AGSALOG: Thank you, Mr. Chair. I really very appreciative of Mr. Hokama's vision as far as the resources that's needed, and I would like as the Director of Finance, I'd like to reserve the opportunity to be able to come to you should I need that to, that resources to implement this particular request that we have, because it's not only that we hope to get more revenue for it. But this language also, Mr. Chair, will promote equity taxation. So again your body here, Mr. Chair, have been very good to the Real Property Tax Division, and I would like to ask that a continued support, because this is the biggest revenue generating Divisions that we have for the County, and we are very cognizance to the fact that there are some people saying that it's not fair, the loopholes are here. So we trying to plug some of those holes, as you have seen our Administrators working hard to recognize those. So if you don't mind, Mr. Chair, if we do really need that resource--and right now I, as the Director of Finance, I been asking all my Divisions to work with what they have--but *if* it's very difficult to administer without extra resources, I'd like to reserve that opportunity to come to you and explain why I need that resources, Mr. Chair.

CHAIR PONTANILLA: Thank you. It's only fair. Mr. Hokama?

VICE-CHAIR HOKAMA: I hope also, Mr. Director, that you would consider various options on how to accomplish that requirement. I don't have a problem for a short-term consideration to support a third-party professional that can do the job for you to take care of that 3,000 mail-outs and document it and receiving, and then upon completion of that service, terminate that contract and allow the Department or, and the Division to use the data to its, the County's benefit. So, you know, if you have different ways of approaching it, I'm open to different ways of how to pay the bill, also.

MR. AGSALOG: Mr. Chair?

CHAIR PONTANILLA: Mr. Aagsalog?

MR. AGSALOG: Thank you, Mr. Chair, and I am very proud of my Division because every opportunity I have with them, they have been bringing me some options as far where we going to go and try to improve our work as far as efficiency is concerned. Our Administrator has been to conferences and training, and he always bring new ideas when he comes back from those conferences. And I am very supportive of what they been doing there. So I will assure you, Mr. Chair, that the opportunity to do more efficient work in that Division will be coming forth. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Administration? Seeing none, Chair would like to make his recommendation.

COUNCIL MEMBERS: Recommendation?

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CHAIR PONTANILLA: Thank you. The Chair's recommendation is to pass on first reading A Bill for an Ordinance Amending Section 3.48.450, Maui County Code, Relating to Home Exemption Qualifications.

VICE-CHAIR HOKAMA: Chairman, I would defer to Mr. White.

COUNCILMEMBER WHITE: Chair, I make the motion.

VICE-CHAIR HOKAMA: Second.

CHAIR PONTANILLA: Thank you. It's been moved by Member White, second by Member Hokama. Members, any more discussion? If not, all in favor of the motion, please say "aye".

COUNCIL MEMBERS: Aye.

CHAIR PONTANILLA: Motion is carried, six "ayes"; three "excused", Member Couch, Victorino, and Chairman Mateo.

VOTE: AYES: Chair Pontanilla, Vice-Chair Hokama, and Councilmembers Baisa, Carroll, Cochran, and White.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmembers Couch, Mateo, and Victorino.

MOTION CARRIED.

ACTION: Recommending FIRST READING and FILING of communication.

CHAIR PONTANILLA: Members, that's all we have. So with that, Chair would like to thank the Administration people over here, Staff, and then Members for being here this afternoon. The Budget and Finance Committee meeting for June 14th is now adjourned . . .(gavel). . .

ADJOURN: 3:20 p.m.

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APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:110614

Transcribed by: Tehani Villalobos

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CERTIFICATE

I, Tehani Villalobos, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 6th day of July, 2011, in Lahaina, Hawaii



Tehani Villalobos