

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

June 28, 2011

Council Chamber, 8th Floor

CONVENE: 1:32 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Donald G. Couch, Jr., Member
Councilmember Danny A. Mateo, Member
Councilmember Michael P. Victorino, Member
Councilmember Mike White, Member

EXCUSED: Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, 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
Adrianne N. Heely, Deputy Corporation Counsel, Department of the Corporation
Counsel

Seated in the gallery:

Sananda K. Baz, Budget Director, Office of the Mayor

OTHERS: Hugh Starr
William Jacintho, President, Maui Cattlemen's Association
Bobbie Patnode, Vice-President, Kula Community Association
Thomas Croly
David DeLeon

PRESS: *Akaku: Maui Community Television, Inc.*

CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting for June 28, 2011 is now in session. Good afternoon, Members.

COUNCILMEMBER COUCH: Good afternoon.

COUNCILMEMBER COCHRAN: Hello.

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COUNCILMEMBER VICTORINO: Afternoon.

CHAIR PONTANILLA: At this time the Chair would like to recognize the Members that are here this afternoon. We do have Member Carroll.

COUNCILMEMBER CARROLL: Good morning...good afternoon.

CHAIR PONTANILLA: Good afternoon. Member Cochran.

COUNCILMEMBER COCHRAN: Aloha, Chair.

CHAIR PONTANILLA: Good afternoon. Member Couch.

COUNCILMEMBER COUCH: Good afternoon and aloha.

CHAIR PONTANILLA: Good afternoon. Member Victorino.

COUNCILMEMBER VICTORINO: Aloha and good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. Member White.

COUNCILMEMBER WHITE: Aloha, Chair.

CHAIR PONTANILLA: Aloha. And Chairman Mateo.

COUNCILMEMBER MATEO: Good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. And here from the Administration we do have from the...Deputy Corporation Counsel, Adrienne Heely.

MS. HEELY: Good afternoon.

CHAIR PONTANILLA: Good afternoon. Our Director of Finance, Mr. Danny Agsalog.

MR. AGSALOG: Hello, sir.

CHAIR PONTANILLA: Hi. And the Real Property Tax Administrator, Mr. Scott Teruya.

MR. TERUYA: Chairman.

CHAIR PONTANILLA: Hi. And in the back sitting by the press box is our Budget Director, Mr. Sandy Baz. Supporting the Committee this afternoon we do have Scott Kaneshina, Scott is the Legislative Analyst,; and Camille Sakamoto who is the Committee Secretary.

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ITEM NO. 86: REPEALING CHAPTER 3.28, MAUI COUNTY CODE, RELATING TO REAL PROPERTY TAX, AND AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO REAL PROPERTY TAX AGRICULTURAL USE DEDICATION (C.C. No. 10-185)

CHAIR PONTANILLA: Members, we do have one item on the agenda this afternoon, very hot item. Every meeting that I have we have hot items.

COUNCIL MEMBERS: . . .*(Laughter)*. . .

COUNCILMEMBER VICTORINO: Hot today.

CHAIR PONTANILLA: The item is BF-86, Repealing Chapter 3.28, Maui County Code, Relating to Real Property Tax, and Amending Chapter 3.48, Maui County Code, Relating to Real Property Tax Agricultural Use Dedication. But before we dive into that item, we do have some people signed up for public testimony this afternoon. For those that are providing public testimony, Chair will give you three minutes to provide your testimony with one minute to conclude. If you can state your name, organization that you represent, the Committee will appreciate that. Before we take the testimony, Members, can we all, and audience, can we all turn our cell phones to the silent mode or turn it off. Thank you. The first item...not first item, but the first person to testify is Hugh Starr.

...BEGIN PUBLIC TESTIMONY...

MR. STARR: Thank you, Chairman Pontanilla and Members of the Council. My name is Hugh Starr, I'm from Makawao. And I've only looked at the proposed legislation briefly. It...to me it is complex, but in balance it raises a number of big issues for me. One is I know that the Council has really struggled with the definition of agriculture, and when I look at the proposed definition of agriculture use in this proposed bill, I find it troubling in the sense that it's inconsistent with many of the other rules, ordinances, for example, Hawaii Revised Statutes Chapter 205, the land use law. The Title 22, I believe it is, in the, in the County Code dealing with ag parks. The, the Water Department has its own standards in terms of ag use, the Planning Department has its own, and what I find is this particular definition mandates that agriculture must be commercial. And for me, personally, I...it troubles me, because the direction that agriculture is going, in my view, is that we are, while we have large, you know, multinational agricultural operations--one of 'em or two of 'em right on Maui--there is a clear direction towards smaller, sustainable farming, community-based type of agriculture. And whether those or some of them would fit into the framework of commercial agriculture is something I'm troubled about, because I, I think that we need to support any kind of endeavor to bring people back to agriculture, back, back to sustainability, back to supporting our own communities. So that's kind of a philosophical approach. The inconsistency on the definition, I'm, I'm very sympathetic to the fact that there's been a lot of effort to define agriculture and it's been very difficult to do, but before this particular proposal would be adopted, I, I think that it would behoove us to go back and look at

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the, the former Mayor's committee on the definition of agriculture. Try to pull that back out into daylight, see if we can rework that and, and kind of be more specific in our definition, so it doesn't sweep a lot of ag users under the rug. The...there's one little provision in the bill that gets eliminated and it's rather obscure, and that would be under Section 3.48.290 where in the middle of the paragraph it's bracketed for a deletion as follows: whether such lands are ... or not. And those words, what they in essence do is the Tax Office has an informal sort of ag use assessment policy where they have a certain amount of discretion to go out in the field and make judgments, it isn't formal dedication, and most people are, are, are subject to that version of assessment. And this proposed bill completely eliminates that, meaning that you have to be --

MR. KANESHINA: Three minutes.

MR. STARR: --commercial--thank you--and you have to have formal dedication. So that troubles me, I think it's, it's, it's worrisome, and I'd like to help work through that with you. Thank you very much.

CHAIR PONTANILLA: Thank you. Members, any questions for Mr. Starr? Seeing none, thank you. The next testifier is William Jacintho.

MR. JACINTHO: Good afternoon. My name is William Jacintho, I'm the President of the Maui Cattlemen's Association. The Maui Cattlemen's Association is a nonprofit organization representing small and large livestock producers in Maui. The Maui Cattlemen's Association is in favor of reviewing and updating Title 3 of the Maui County Code as it relates to the dedication of real property for agriculture use. Many farmers and ranchers are very unclear about the ag land dedication forms and commitments they require. We request that the County Council Budget and Finance Committee defer making a decision on this proposed bill, until the farmers and ranchers have had a chance to fully understand the land dedication forms through a workshop, and farm, farm commodity crops are clarified in the definition of agriculture use. Currently there are two ag land use forms: an Ag Use Valuation Request form, and a Petition to Dedicate Land for Agricultural Use form. We really need a workshop to fully understand these two forms. The Ag Use Valuation Request form is a "financial rollback death trap" for anyone who subdivides their ag land for their children; even if they fully intend to keep farming individually. It is not good, and maybe we should even evaluate it to see if we should be...it should be eliminated completely and just have the Ag Use Dedication Petition only. With the, with the 10-year, 20-year dedication form, you commit and pay rollback taxes if you take your property out of ag before the committed years. With the Ag Use Valuation Request Form you pay rollback taxes up to ten years if you take it out of ag at any time. People think they fulfill their commitment for the year, but don't realize or understand the rollback logic. There is no reward for the committed year or years you have completed. The dedication form takes care of everything. Many of us have dedicated our property for 30-40 years ago and these dedications have long passed. Do we rededicate the property or is it grandfathered in? These and so many other questions still linger and need to be answered. As for the definition of agriculture use, it looks reasonable; however, it is not clear how diversified crops such as composting, nursery crops, cut flowers, turf, forestry, and apiary stand up in the definition. Also would poultry and

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rabbits be considered as livestock? We never know where the possibilities of diversified ag opportunities are headed. In closing, again we request that the County Council Budget and Finance Committee defer making a decision on this proposed bill until the farmers and ranchers have had a chance to fully understand the land dedication forms through a workshop, and farm commodity crops are clarified in the definition of agriculture use. Thank you for the opportunity to testify on this subject.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier? Member Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thank you, Mr. Jacintho, for, for coming. You talked about a workshop. Has that been discussed before or is this something new that you're looking at?

MR. JACINTHO: About a year and a half ago, we kind of collaborated with Kula Community Association, and we had sort of a workshop where some of the RPT people came up with the forms. And the intent of that was to kind of go over the forms and, and see, you know, as, step by step where things line up. There was about 103 people or so there in Pukalani, and we never got to that point. We took Q&A for like three and a half hours. There was so many issues that each individual person had, and we felt, okay, just let them run, you know, let the people say what they need to say. And at the end of that session, we were...to kind of regroup again someday, which, you know, people get busy, things happen, and it, it didn't quite get there yet. So it will be nice to, to continue that.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for Mr. Jacintho? Thank you very much, Mr. Jacintho.

MR. JACINTHO: Thank you.

CHAIR PONTANILLA: The next testifier is Bobbie Patnode. I hope I pronounced that last name right.

MS. PATNODE: That's right, Patnode. Aloha. My name is Bobbie Patnode, and I'm Vice-President of the Kula Community Association. In November of 2009, Kula Community Association and Maui Cattlemen's Association cosponsored the Real Property Ag Tax Community Workshop in Pukalani, where the Real Property Tax staff presented an informational meeting. Some of the gaps that were noted at that time are: how does this definition address those who are farming for "sustainability" and not commercially? Where do conservation exemptions fit in? Definitions and interpretation are not consistent across our County departments of Finance, Planning, and Water. Water, for example, has included an income amount. Planning allows for ag exemptions within other zones. Real Property Tax says it has to look like ag, and that farming your two acres for home use is considered okay for ag use valuation. It would be ideal to coordinate all departments when definitions are discussed and the public is educated. Unfortunately there has not been a follow-up meeting to answer these questions. My primary purpose in testifying today

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is to recommend that an opportunity to educate the community and have their involvement, takes place before this change to the Code is voted on. Thank you.

CHAIR PONTANILLA: Thank you. Members, any questions for the testifier? Just one fast question. Can we have a copy of your testimony?

MS. PATNODE: Yes.

CHAIR PONTANILLA: Thank you. We'll make copies for everybody.

MS. PATNODE: Okay.

CHAIR PONTANILLA: Thank you. The...

MS. PATNODE: Okay?

CHAIR PONTANILLA: You're excused. The next testifier is Tom Croly. Members, Mr. Thomas Croly is the last person to sign up for public testimony prior to the meeting. Is there anyone out in the gallery that want to provide public testimony, if you could sign up with the Secretary in the lobby? Thank you.

MR. CROLY: Aloha, Chair. Aloha, Council. I'm Tom Croly. Today I'm speaking just on my own behalf. I've become well acquainted with the Tax Code and you guys have become well acquainted with me on lobbying you if you will for a fair tax rate for the folks that, that run bed and breakfasts, and I'm very grateful to the Council that we were able to come up with a fair tax rate that, that, that, that struck a balance between homeowner taxes and the commercial, residential. And I think one of the parts of this measure that you need to find the balance in, is when someone uses a portion of their property for ag use and another portion of their property for their home. Right now we have a system that allows what I would call double dipping, it first says, okay, we're going to apportion this, this, this portion that you have for ag at a very low value, and then the part that's going to be your home site, if it's small enough, ends up at a very low value as well. And then when the person says I'm a homeowner, they get a \$300,000 exemption, which will change to 200,000 next year, and then they get a very low tax rate. As a result, we have some million-dollar, beautiful estates, multi-million-dollar, beautiful estates paying tax on a very small amount and ending up with a very low tax bill. I hope that that's what this measure is attempting to do and not impact any kind of real agricultural uses. But I will say, someone can have a real agricultural use on their property where they're legitimately farming, they're, they're, they're doing everything they should for agriculture, and they deserve some type of, of incentive, if you will, in, in reducing their taxes for that. But the portion of their land that they're living on should not be affected by that. They shouldn't be able to get, again, the double dip, if you will, which is, which is what I hope that, that we can address here. I have three ideas for the Council to consider with respect to eliminating that, that issue. The first idea would be, if someone is in that situation where they're splitting their land and they're saying give me an ag dedication on this land, then they wouldn't qualify for the homeowner exemption and the

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homeowner tax rate. I'm sure that you would hear...people would be up in arms saying you can't take away my homeowner tax rate because I live on this land, but you know what, that's what you did to the bed and breakfast guys. I'm required to live on my property but I have to give up my homeowner tax rate, my homeowner exemption because a portion, and in my case a very small portion of my property, is used to welcome guests. So there's some fairness in, in that proposal I think. The second idea that I would have for you, if that one didn't work, would be...I just blanked on it, like you did this morning, Elle. . . .*(Laughter)*. . . I'm sorry. I, I, I just, I just lost my, my second proposal. Oh, I know. It's the way they proportion the value of the land. Right now as I've observed, the way the, the land is assessed, is they say, okay, you have a two-acre parcel or a ten-acre parcel, and that parcel if it was sold on the market would be worth...for, for argument's sake, let's say a half a million dollars. And if you're --

MR. KANESHINA: Three minutes.

MR. CROLY: --using 90 percent of it for agriculture, then they say we're going to reduce the value of that parcel by 90 percent, so it then becomes worth \$50,000 on, on the tax roll. Well just being able to put a home, no matter how small the postage stamp lot is, that piece of land is worth more than \$50,000. So I would ask that they change the way they do that assessment, and have some base minimum for properties where you're going to put, you know, put your, put your home on, on that portion. Okay. Thank you.

CHAIR PONTANILLA: Thank you. I was going to ask if you have your testimony --

MR. CROLY: I don't.

CHAIR PONTANILLA: --written.

MR. CROLY: It came off my head.

COUNCIL MEMBERS: . . .*(Laughter)*. . .

MR. CROLY: That's why, that's why it wasn't too smooth.

CHAIR PONTANILLA: Okay. Mr. Couch, you had a question for Mr. Croly?

COUNCILMEMBER COUCH: Yes. Mr. Chair, can we direct the...or ask that we get your proposals in writing at least?

MR. CROLY: Sure.

COUNCILMEMBER COUCH: 'Cause that, those are interesting thoughts --

MR. CROLY: Sure.

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COUNCILMEMBER COUCH: --so we'd like to see if we can get that in writing.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER COUCH: Thank you.

CHAIR PONTANILLA: Any more questions for Mr. Croly? Seeing none, thank you very much, Tom. The next testifier who just signed up is Mr. --

MS. SAKAMOTO: Dave DeLeon.

CHAIR PONTANILLA: --Dave DeLeon.

MR. DeLEON: Good afternoon. Aloha. I wasn't planning to speak, but something struck me while I was sitting back there watch...looking at this empty room, and realizing when I went to meetings like they had in, in...for the Kula Community Association and others, about the, the Real Property Tax review of ag exemptions previously, there were rooms full of people, I mean hundreds of people, very upset people, and I don't see any of 'em here. So I don't think the right people are in the room for this conversation. I just wanted to raise that to your attention.

CHAIR PONTANILLA: Thank you. Members, any questions for Mr. DeLeon? Thank you again, Mr. DeLeon.

MR. DeLEON: Thank you.

CHAIR PONTANILLA: Is there anyone out there that would like to provide public testimony at this time? I think everybody sitting in the gallery had provided testimony. So, Members, without any objections, the Chair would like to close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR PONTANILLA: Thank you.

...END OF PUBLIC TESTIMONY...

CHAIR PONTANILLA: Okay. Members, this afternoon we do have only one item, BF-86, Repealing Chapter 3.28, Maui County Code, Relating to Real Property Tax, and Amending Chapter 3.48, Maui County Code, Relating to Real Property Tax Agricultural Use Dedication. The purpose of the proposed bill is to update Title 3, Maui County Code, as it relates to the dedication of real property for agricultural use. This proposed bill would require property owners who petition to receive agricultural use assessments to dedicate the subject property to a specific, specific agricultural use for a period of ten years. This long-term commitment will also further...to ensure that the property owners who receive agricultural use assessments are committed to utilizing their property for legitimate and ongoing agricultural use. Members, you know, in

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previous years we've always have the discussion about separating gentlemen farmers from the bona fide farmers, and this is exactly what this bill is trying to do. So at this time, the Chair would like to call on the Administration, Finance Director for comments.

MR. AGSALOG: Thank you, Mr. Chair and Members, good afternoon. I really appreciate your effort in trying to look at this particular issue, because as my Administrator here always preach to everyone that fair taxation should be done for everyone. So we are here today to answer some of your questions, if you have. We are very happy that again this hot topic is brought to the table for us to look at the way how can we plug all those pukas, as we say. And I'm very, very happy that Mr. Scott Teruya left his class to come here and answer the questions, because if you get so technical on me, I may not be able to answer them. So, Mr. Chair, here is our Administrator.

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

MR. TERUYA: Hi, Chair, Members of the Committee. Scott Teruya, Real Property Tax Administrator. The bill that's put forth before you is, is...I don't think there will be a perfect bill, I mean agriculture is very, very difficult to define already. I've spent probably the last ten years in committee, out of committee, in, in groups, et cetera, so this is a combination, somewhat, of the ag group that in 2003 had put forth a recommendation. I've had probably at least five different drafts, I, I have like eight more in my head, so it's all really up to this body on how they want to administer the agricultural exemptions. So what, what's before you is just a mechanism to basically repeal the agricultural use existing application, and substitute it with all properties receiving agricultural use valuations to be dedicated. Chair, without going too further, I'd probably just rather entertain questions so we can go.

CHAIR PONTANILLA: Okay. Thank you, Mr. Teruya. Members, the Chair is open for any questions to the Department. Mr. Couch? And by the way, Members, you know, like Mr. Teruya had said, you know, there's no perfect...this bill is not the perfect bill. Okay, if you do have questions in regards to the bill itself, I'm hoping that you have some solutions to provide. Okay? Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Teruya and Mr. Chair, as well, we heard from a couple testifiers talking about this workshop. Are we willing to at least not vote until we can do some sort of workshop like that? 'Cause I think it's, it is important that, that they get a chance to take a look. I, I...it looks like this is very complicated and I don't know that we're going to get through it today, but if by chance we do, I would certainly like to see, before we take any kind of final action, some sort of workshop. Is the Department...have they planned on any kind of workshop like that?

CHAIR PONTANILLA: Mr. Teruya, I, I think two testifiers did testify in regards to a workshop that was done, I don't know, last year or the year before, and I don't know if the Administration at that time had indicated that they were going to come back for a follow, follow-up workshop. Because what was being told of us by one testifier, he was hoping that a follow-up meeting

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would have been, would have, you know, was done, so that some of the questions that they had in regards to various things would be addressed at, at the second meeting. So, Mr. Teruya?

MR. TERUYA: Thank you, Chair. Unfortunately, I was not one who attended that, that meeting. I...like anything, anytime a group or organization or a body would like the Real Property Tax Office to get together and discuss any measure, by all means, we are there to help the community. If a follow-up is needed, that can be done, as long...we just request that there's an agenda. A lot of times we get into these public testimonies or public arenas and it, it can go on forever, Chair. So if there's any item that needs to be specifically addressed, by all means, we are open to that idea.

CHAIR PONTANILLA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Well I got a ton, but I want to let everybody ask. One, one more real quick. Let's dive right in. On your definitions on Page 1 of the bill, 3.48.05 [*sic*], you talk about agricultural use, and then in here we, we say agricultural use does not include the use of areas primarily as yard space, setbacks or landscaping, or the planting of fruit or ornamental trees, flowers, and vegetables primarily for home use. And I think that's what one of the testifiers was talking about is we're encouraging people to do home use now, or sustainability, grow their own vegetables, and this appears to be taking that activity out of agricultural, and not calling it agricultural use. That's what it looks like to me. Is that the way it is intended?

MR. TERUYA: Chair, the agricultural use, this is a combination of several drafts. It includes Member Victorino's from the Water Resources Committee. This also is somewhat adopted in the code that was handed down from the State to the counties back in 1981. So the way the Code had existed in previous, it was never intended for the side, side setbacks and the areas, not basically for the home site, and that's just really for the Members to discuss. If they so choose that this area should be incorporated in the agricultural use definition, we're not opposed to anything, we're just trying to start somewhere and putting it forward.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER COUCH: Okay.

CHAIR PONTANILLA: Any more questions?

COUNCILMEMBER COUCH: Pass. I'll pass and come back.

CHAIR PONTANILLA: Okay. Any other questions for the Department? Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. And I appreciate your bringing this forward, too, 'cause it, it's a, it's a tough issue, because we all know that there are people taking advantage of the agricultural assessments. And I'll just throw out one example. This is, this is in an agricultural subdivision, I'm not going to say which, which one, but this individual owns two lots

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side by side. And the average price of the lots is in the neighborhood of \$600,000 for everyone else but his two lots. One has ten goats on it, and the valuation has been reduced from 600 to about, I believe, \$11,000. The other lot has his house in the front five-eighths or two-thirds of the property, he has goats on the back two-thirds, so it's probably enough for four or five goats, I'm not sure exactly how many. But the...even though a significant part of his property is house and yard and no ag, except for the goats in the back, the assessment for that property is reduced to, I think around \$110,000. So the, you know, I think that the challenge for this, this group, is to try to come up with a bill that allows the Tax Department to go and fix things that are clearly out of whack like that, and yet leave in place the true ag. And the challenge is going to be, coming up with a definition that doesn't throw legitimate ag under the bus, but at the same time comes up with a way that we can enforce valuations in such a way that they're fair to neighbors. I mean I, I just don't feel that it's incumbent upon us to protect some of these valuations being essentially for the two parcels, about a \$1.1 million reduction in value, because they've put, put a couple of goats there. So I...this is a really tough discussion, and as I've said before, I'm one of the beneficiaries of this, because I've got an ag valuation of one-tenth of what I paid for the property. I don't think that's fair, and that's why I support moving ahead with this, because I don't feel I'm paying an appropriate level of tax. And, but at the same time, I realize this is a really...it's a tough, it's a tough piece of legislation to, to make, make it fair to apply in such a way that no one's going to be concerned about it. So I look, I look forward to the Tax Director's able leadership in helping guide us through this. I, you know, and other...I've looked at the bills in other counties, and they're much, much more tightly written than ours, and require that it be, you know, active, commercial, and primary use. So, I don't know, I'd be happy to hear a few more of your, your thoughts on where we go.

CHAIR PONTANILLA: Mr. Teruya?

MR. TERUYA: Actually, Chair, I just wanted to bring up another comment in regards to Mr. Couch's comment about the side setbacks and yard space. If you really think about it, when you put a home in, in the middle of the lot and you build your planting on the sides, really if we were to exempt it, there's very little value in your setbacks anyways. Because you basically occupy the, the property by a density, so all the rest is really overage, so, so to speak. It's not a like a prime per square foot, because every property gotta have setbacks, and whether you value that or not, the value in the setbacks are very, very nominal.

CHAIR PONTANILLA: Thank you. You know, this a policy decision that we gotta make maybe not today but at another meeting, and, and, you know, like Mr. White had said, this is not simple. You know, we look at does this body want to give tax breaks for those individuals that grow food only for themselves? And if yes, you know, we leave things the way it is and let everybody else pay for that. If we don't, then we need to seriously think about moving forward with, you know, giving ag, the true ag, that tax break. So, Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you, Chair. And when crafting this and with Mr. Teruya's help and others, I tried to be inclusive of everything. I even went to some meetings to hear other parties, you know, as far as the farm union, the Cattlemen's, you know, I try to listen to

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everybody's concern. And I gotta be honest, there is, there is no one complete, "this is the answer" answer. I have not heard that. And yet, you know, Mr. White is correct, when I looked at other counties, other municipalities, they were a lot stricter, a lot tighter, and yet we try...I try to craft this to give the leeway for those true ag lots. I grow on my 11,700 square foot lot, I have bananas, I have papaya, I get avocados that are about a year old, so I gotta wait another four years before I get any fruit, I have green onions, I've grown tomatoes, but it's all for my household. I don't go claiming ag exemption for that. You know, when are we going to get real about this? I grew up in an area where we grew all these little things, because that, that helped us. My in-laws and they had, they had a lot, and they a grew all kinds of stuff, and we always shared. Our family still does that today. Many of the local families do that, right? You get bananas, you get six-seven fingers, you take to all the family, right? We all do that. So, you know, where is ag? I tried to give a definition broad enough that encumbers everything and yet strict enough that, right, that we really get those who are not ag, not farming, really paying what they deserve. And I think Mr. Teruya has mentioned a couple times 'cause Mr. White has brought it up, what, about 25 million, that this County would receive if we got all the true ag, ag, and those who are not, not. We didn't raise the minimum tax, because the farmers and the ranchers came in and said oh, we get multiple TMKs, right? Well, Mr. Chair, you alone went on the...he went into the Real Property, and you looked at the assessed values of some of these properties, and your hair got whiter than it was. So, you know, really, this is a serious problem, and you know what, others are carrying the burden. Businesses are carrying the burden, hotels are carrying the burden, other commercial entities are carrying the burden, and our homeowners. So we gotta get real, we gotta fix this problem, and this is a step in the right direction. I never claimed this would be the perfect bill, and there is no such thing as a perfect bill, I've said that many times. And you, Mr. Chair, have been around, like Mr. Mateo, for a lot of years...Mr. Hokama, Mr. Carroll, many more years than I've been in this chair. You guys have seen it, tried and tried, and tried, and again we're trying, but now we wanna defer it, we wanna have classes, we wanna have...when do we take action? When? That's my question. Oh, do I raise the rates again? Right? Or do I raise the minimum rates? Then the farmers come charging down again, and the ranchers saying hey, you're not, you know, you can't, you going hurt us, you going shut us down. I don't know where the answer lies, but this is a step in the right direction, and that's all we're trying to do. But if we're going to go and then wait another year or two, and a lot of this stuff, if we do it today, even if we got it passed this year, it doesn't take effect till what, Mr. Teruya, 2013? So not even next year's budget would not be affected by any changes we do...2013. So again, when do we start? And the longer we wait, somebody pays the bill, okay? You, Mr. Chair and this Council cut, trimmed, and slashed much, much money this past budget, just not to raise taxes or to minimize any kind of increase in taxes. How long can we do that with assessed values falling? I don't know. So somebody's got to pay the price sooner or later, Peter's been paying a lot of years, some Pauls have been skating along. Maybe we ought to get Paul to pay his fair share, and then Peter can then feel comfortable, I don't know, but this is the time to start really discussing. And is there an answer, an absolute, guarantee, this the right answer? I don't think so, but this is the best step in the right direction. Thank you, Chair.

CHAIR PONTANILLA: Thank you, Mr. Victorino. You know, as stated during the budget session, that this Chair will be taking this bill up, and we have up to December 31st to get something

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done. And it's not, you know, just go ahead, look at it today, and, and just move on, but we gotta make sure that, well, we are comfortable, the people out there are comfortable in regards to this proposal that we have in front of us. And, you know, I'm willing to go the distance to resolve this thing. You know me, you know, I not going to give up on this one here. So is the Circuit Breaker, you know, we still need to address that. But the other tax rates that everybody talk about, you know, taking...looking at a group doing or reviewing the total tax classifications, you know, in my opinion, it's not going to take one year, it's probably going take two years. So what we doing today is just taking bits and portions of the tax classifications, and this is one of 'em that we all talk about in trying to separate the gentlemen farmers from the legitimate farmers, and this is a step going forward. So, you know, I'm, I'm happy that a bill like this has come forward to this Committee, so that we can take some actions in resolving some of the issues that our farmers, our legitimate farmers have. So with that, Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. Mr. Victorino was right, in that it's been many years that we've been talking about this. From the first year I was on the Council way back, and even when in the Planning Commission, we've had discussions along this line. I would hope that we could identify at least things like those multiple lots that are a true burden, that we can address by having...just addressing that, the multiple lots, by having, perhaps, anybody that has multiple lots. And I've already drawn up...I'm drawing up something to submit to the Chair, to the Council Chair, to where anybody with multiple lots would have a different designation where they have these small lots, to address just that. And I was hoping that if we could address the problems piecemeal, that we know that are problems, and do it, and then look at the next problem and address that and do it, I think it's really doable. If we are going to wait until we have the answer to everything that's come before us and try to put it in one package, we've never been able to do that. But we can address these concerns as they come up, and that doesn't hurt anything, because we're addressing that concern with the whole, with, you know, what's going on out there now with tax assessments and everything else. If we can do that, I think we can get through this. I don't think we have to go over there and wait all these years until we have a whole package that covers everything, 'cause we've tried it, it doesn't work. But if we can focus on like those small multiple lots, just as an example, there's a lot of things, but just that, and find a fair way to handle that to where we can look at each other and say, yeah, this is the right thing to do, this is the way they should be, and then look at the next problem and address that. And when we address the next problem, of course, we look at what we have done before, and we continue on. And I think we can, I think we can get through this, without waiting until that magical day when everything lines up and looks all right, because I don't think that magical day is going to happen very soon. So I would let...that is what I would like to see, and like I say, I am working on a...something to submit to the Council Chair that I hope will get to you for that one particular problem. But then these other problems that we have, and we have discussed having different classifications for different agricultural lots, et cetera, et cetera, et cetera, we can address those and look for good solutions, because our people have told us--and we always talk about we represent our people--that they really want us to support agriculture. It's very difficult, you can go out on the street right now and try to find somebody that says that they don't support agriculture. Our people have been very strong saying we want agriculture on Maui, support it,

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and I think this would be the best. I would hope that we could consider doing that way, looking for when we find the solution to one problem, doing it, settling it, getting it done. Thank you.

CHAIR PONTANILLA: Thank you. Mr. Teruya?

MR. TERUYA: Thank you, Chair. Just a quick comment. You know, we had a lot of proposals in, in our initial draft. We went so far as to almost mimic the Water Resources Committee to require a income requirement, a Schedule F, et cetera. I think this bill is the bill that was put forth just to be very plain, so to speak. This bill really doesn't change any requirements, it just simply requires people to dedicate. And the reason why we have told this body before, the reason that we wish that this would go forth is when the counties adopted taxation from the State of Hawaii, we were given all the records. For agriculture, there...for...when you have agricultural use, there, there is nothing that was handed to the County as to what use was being done on the properties. This measure would require people to identify what is being used; therefore, for the...for compliance issues, when we are to go to properties, we actually can identify what was the use being declared. Currently, if we go out to a property that's receiving agricultural use, with no record, we don't know what to verify. You know, so this was one of the measures to at least put down on record what is being used and record it with the Bureau, because if a person was to purchase this property from an owner who dedicated the property, that owner...it's, it's a recording on the land, so it goes with the land, so the new buyer would either have to maintain or continue the use, or he would be in violation. Now when you're talking about ag, there's approximately 6,000 parcels receiving agriculture right now, and about 800 of them already dedicate, so it's not a process that's new to people either. So, you know, just for numbers out there, so the Members are aware, there are about 750 properties dedicated, there are about 5,200 properties on agricultural use. The subsidy under the dedication program is about \$5 million, and the agricultural use subsidy is approximately \$23 million. Now if this plan or this bill was to move forward, like I said, it is the vanilla, it's very plain, but it does require people to dedicate. So I'm not going to say that is very easy to either do or administer, because the vision, initially we will have to receive potentially maybe 5,000 claims, I'm not sure. But it is a requirement for the owners to come and dedicate. The, the most common issue that we find, is when we go to properties that sell or have been transferred down throughout the generations, most of these people don't even know that they're, they're receiving this benefit. So I would say...it's hard to say a number, but I would say at least 25 percent of the properties that have agricultural use probably either don't know that they're getting agricultural use or no longer do the agricultural use. So that is one of the reasons why we felt comfortable that by doing this bill, there would be a huge initial revenue to the County. So if, you know, if 25 percent fell out, that's approximately, you know, I mean do the math, \$5-6 million off the bat. I'm not saying this is the perfect bill, like Member Victorino said, but as we said initially, it is bland, it is just requiring you to dedicate, it does not put any change in requirements as to receiving your agricultural definition, so to speak. Yeah. So we're not putting more requirements, you don't have to fence anymore, you don't have to put any more, more goats or more cows, et cetera, but just the requirement to dedicate.

CHAIR PONTANILLA: Thank you, Mr. Teruya. So the magic word is dedicate.

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COUNCILMEMBER VICTORINO: Yeah, Mr. Chair?

CHAIR PONTANILLA: Mr. Couch, followed by Mr. Victorino.

COUNCILMEMBER COUCH: Really appreciate that...those comments, Mr. Teruya. But it does also require you not only to dedicate, to actually use the land, so I guess that's what we're trying to figure out is what is the actual definition, and of course everybody says what is agriculture. So it's a little bit more than dedication, because there has to be follow-through, and I'm trying to find exactly where it is, but it is in here saying if you don't do it--Section F, Page 8--then, then you lose your ag status. Let me ask you this, you're saying now that if, if this bill says that if you don't dedicate, you don't get ag rates...or I'm sorry, ag valuations. Is that correct?

MR. TERUYA: Yes, that's correct.

COUNCILMEMBER COUCH: Okay. Yes, we do need to, to figure out how to do this, and I guess that's what we're here for is to truly define the actual agricultural use. And this is kind of moving on to the, the next subject. You talk about in the definition of agricultural use for livestock raising, and we don't really have a definition of livestock. I looked in 3.48.05 [*sic*] that's there already, and there's not really a definition of livestock there. Would it be this Committee's purview to actually put one in there so we can be a little bit more direct?

CHAIR PONTANILLA: So you want to be very definitive? I heard a testifier saying rabbits --

COUNCILMEMBER COUCH: Right.

CHAIR PONTANILLA: --and some other animals, so I don't know how definitive we want to be. Maybe Mr. Teruya can give us some examples.

MR. TERUYA: You know we...this is a whole days of discussion just to discuss what is livestock.

COUNCIL MEMBERS: ...(*Laughter*)...

MR. TERUYA: I mean, I mean William Jacintho's up there, I'm sure he's laughing right now, but, you know, in Committee, you know, we were there for three years. I know we went from 12 o'clock to 11:00, we'd be done at 12:00 and he'd start back 1:00. I mean it was just you can go on and on about this. You know, currently we're not, we're not hard and fast as to what, what it needs to be. I mean in my general layman's definition of livestock, I'm thinking of cows, horses, goats, pigs, et cetera. I mean, I mean if it's a legitimate operation, one of the things that the, the Committee had even tossed around and I had recommended is, you know, if you get denied, you still have an appeals process, and whether or not it should be a separate board from the Board of Review, because if we're talking about agriculture and you want to see or know who, who knows most about animals, it might just be a different board of the Agricultural Use Board. It may need to be farmers who understand what is a legitimate practice. I'm not that person. So when you

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tell me what is livestock and what it excludes or includes, we're, we're pretty generous, because we're not the ones who say that's not agriculture. But if we are to deny, it would be pretty evident to me that it would not be an operation that we feel is a viable operation for livestock.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER COUCH: And, Mr. Chair, I guess my, my concern on this is, is not how we're going to define it, it's how somebody who has--and, and no offense to any of the lawyers in the room--somebody who has a slick lawyer can say oh well, you know, my, my one goat is livestock, I'm raising livestock, so I should get the exemption, if it goes that far. I'm just trying to, to try and cover up some of the loopholes and protect the, the Administration, the Real Property Tax Department from having to deal with that. But maybe that's being a little too, too tight on there, because one of the other questions is, okay so you have livestock, is it a goat, a horse that's going to be used for riding? So you got this 26-acre pasture now that you've got this one horse on, and you get ag for all that 26 acres.

MR. TERUYA: That was kind of the reason why we had brought up that it, you know, if it's not clearly evident and we were to reject, we was hoping that there would be a fallback on a separate board made up of people, farmers, ranchers, et cetera, 'cause they would be able to really identify and request or require whatever paperwork to validate that use. So that, that was our recommendation as well.

CHAIR PONTANILLA: Thank you. And, and, you know, probably in the future, you know, that workshop that we talk about or you talk about, or we all talk about, might surface some of this answers that we looking for. Yeah, because one horse, hey, I would put a big question mark on that.

COUNCILMEMBER COUCH: Right.

CHAIR PONTANILLA: One goat, another question mark. You know, I, I looking at...I look at Mr. Victorino's water bill, net income \$1,000, to be able to get water rates for farming. So, yeah, there's lot of questions, you know, that need to be answered. So --

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: --anybody else? Mr. Victorino?

COUNCILMEMBER VICTORINO: Yeah. Thank you, Chair. And again, this whole purpose was to really get the discussion started, and, you know, I, I really feel at, at times, you know, we talk about ag, well recently the State proposed a sustainable ag bill, which in all likelihood the Governor is going to veto. The State was going to tell everybody who can farm where and what, and when. The State was going to tell everybody. The Department of Agriculture was going to tell everybody in the State who can farm where, what, and when. Okay. I'm glad the Governor had the foresight to hopefully veto this bill. Okay. So then it would have no problem, it will all

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be decided by the State, we have no problem with dedicating. All I'm trying to reel in is the fact is what is true ag, I want to see helped, just like with the water bill, it was for true ag. You know, I even put community gardens in there, remember, Mr. Chair?

CHAIR PONTANILLA: Uh-huh.

COUNCILMEMBER VICTORINO: I added that into the bill. You know, I am flexible enough to add whatever is needed, but I will not continue to tolerate people who take advantage, because it's off the backs of others. And we've talked about it and talked about it, but we gotta quit talking and we gotta start walking. We gotta do something now, because the people out there are tired of waiting. You hear it, I hear it, we all hear it. They, they know we hearing it, they know we are trying to do what is right, and if they're doing what is right, they're not going to be affected. I not worried about Mr. Jacintho or any of those people that have testified, because they doing what is right. Those who are not, are the ones that are worried. Well let's get it right, gang. So we're going to have to have more discussion, I didn't think it was going to come out today, be done, you know, like the exemption bill. Everybody figures that was a slam dunk. This has got a lot more work to be done. But, Mr. Chair, we gotta keep it on the front burner, we gotta keep going, so that we can come up before December 31st with something, not like how many years we've been waiting to do something, right? You've been here longer than us, and we've been...Mr. Carroll has talked about how many years we walked on this, yeah? So thank you, Chair, for allowing me to make sure everybody understand this is the process we need to take, and I just want to make sure those who do ag get what they deserve, those who not, pay their fair share, so that we don't have to tax ag, we don't have to tax our commercial entities, we don't have to tax our homeowners more to keep up with the needs of this County. Thank you, Chair.

CHAIR PONTANILLA: Thank you. And again, you know, bona fide ag farmers shouldn't have a problem. Mr. Teruya, fast question in regards to, you know, I reviewed the bill many times, and I'm asking about the, the repealing of Subsections 3.48.325, deferred or roll back tax-change in classification, and 3.48.330 unusable or unsuitable land for agricultural use. Can you kind of explain the first one, 3.48.325?

MR. TERUYA: Yeah. The reason for repealing 3.48.325 under the current bill as, as proposed, is because we're requiring everybody to dedicate, and in 325 under agriculture use, it basically says that you can get agriculture by not dedicating, and that's the reason for our repealing this. Under the 325 portion of the Code, it also talks to what is the violation. The violation is subdivision under five acres. Most of these lots are already under five acres, so I don't know how that really applies here. So under 350, under dedicated lands, it says basically all properties must be dedicated, and there's a process by going forth, and that's the reason for the repeal of 325, because it doesn't talk about to dedication. As 330 indicates about unusable or unsuitable lands, you know, if we were to roll back on unusable lands, there is no value anyway, so we felt that this was a dated section of the Code that could be repealed, because this doesn't really apply, because most unusable lands are not dedicated anyway.

CHAIR PONTANILLA: Thank you. Mr. Couch?

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COUNCILMEMBER COUCH: ...*(laughter)*... Thank you, Chair. And I, I truly agree with Mr. Victorino, we need to get the right people with the right assessments. The unusable land, so you're telling us that right now you value it low anyway, so it doesn't matter? But at what rate would you be charging? Instead of the ag rate, what would it be?

MR. TERUYA: Regardless of what the rate was, if it's \$100 and you divided that by 1,000, no matter what the tax rate is, it's probably a dollar.

COUNCILMEMBER COUCH: It's, it's nothing? Yeah.

MR. TERUYA: Yeah.

COUNCILMEMBER COUCH: Okay. Gosh, there's a lot here. You say in...on Page 7, No. 4, upon the conveyance or change in the ownership during the period of dedication, the land shall continue to be subject to the terms and conditions of the dedication unless a written release has been issued by the director. Are, are we going to, I guess, put some constraints on what kind of release? Or are we going to give the Director free reign to say, no, I release you without really giving him directions...him or her? Because that kind of looks like something that could be open for potential abuse.

MR. TERUYA: Well I don't want to speak for the Director; however, I can see the concern in that sense. Our indication is there should be no release by anyone, it is a dedication, and the only thing that I can see for a written release would be some very hardship issue. I'm not saying that this is the loophole, but I'm saying...I'm not sure what a written release would be for. I can see if you are a single owner that's operating the business and had some hardship as to, you know, not being able to farm anymore, meaning losing a limb or something, I'm not sure if that would be the written release. I'm not sure if the Council would want to actually say that for the actual hardship of whatever reason, a death in the family or et cetera, it could be the, the deal breaker in something like this. You know, for in most cases, death is the consideration that we would give, so, you know, that would be maybe make...to be little bit more clear in, in the ordinance, yeah.

CHAIR PONTANILLA: Okay. Mr. White?

COUNCILMEMBER WHITE: Thank you, Mr. Chair. You know, I think it's important to point out or reinforce again what you, you've said a couple of times now, and that is that the people that are in true ag have nothing to be concerned about with this. There may be some current concerns with the length of the dedication, whether it's 10 years or 20 years, whether there's some way to get, get out of the dedication if something happens with a family operation or something of that sort. But all those things can be dealt with in changing the language. The testifiers brought up some good points, but I'm...I would like them to take it the next step, go through the language and suggest any kind of adjustments to the verbiage that they feel might be appropriate. Because the bottom line is, as I've said a couple of times, I've been complaining about this for 18 years, because my property falls into the gentlemen farmer category, but this Council has not done

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anything to address that. The result is that we in effect are being subsidized by the people in Kahului, Wailuku, Kihei, Lahaina, Pukalani, any other subdivision, and I, and I think it's important for the public to know what kind of disparity this is causing between values in Kahului and values in many of the ag areas. And I'll just bring up a couple of, couple of examples. If you just go on the, on the Real Property Tax website and just click on any place in Wailuku or Kahului, and look for a lot. I did that with somebody the other day and I came up with a lot with 7,800 square feet of, of land, and a value of \$230,000. Then I went to an area, I won't disclose where it was, but it's, it's an area of about 73 acres, and it's got a \$2 million house in the middle of it, and the house is occupying...most of it is ag and pastures, but the house is occupying maybe a 2 acre parcel, maybe 2...maybe 3 acres in the middle. And the total value for that 73 acres and a 2 to 3 acre house lot is \$5,000 less than the 7,800 square foot parcel in Kahului. How we've come up with a system like this, how we've allowed the system to continue, is beyond me. Another, another parcel, 67 acres, the house lot takes up maybe an acre and...I think 1.4 acres or something in that neighborhood. That 67 acres is valued at \$7,100. That means that the, the person in Kahului and Wailuku is paying on a land value for 7,800 square feet, 30 times more than the person that owns 67 acres. How we justify this continuing, I don't know. So I appreciate the testifiers' comments, but I challenge them to please help us craft something that's going to work. Our job is to provide the, the Real Property Tax Division tools with which to make it easier to verify whether there's ag going on, and this dedication process I think is going to do a lot to, to help that. I've got some thoughts on some of the...on some amendments that I'm happy to work with you and, and staff on over the next couple of weeks. But I, I really encourage people to, to bring their comments forward. We don't want to have an impact on the legitimate, active ag, and yet we need to tighten up. Another perspective that I have is that those of us who have larger parcels in ag zones have the option, have the benefit of being able to raise livestock to feed our families or to have sizeable gardens with which to feed our families. If you own 6,500 square feet in, in Kahului or Wailuku, you don't have the option of having livestock to...out your back door. You don't have the option of having a garden that's sizeable enough to take care of your family and a couple of others. So, you know, we really need to take this bill seriously, and I sense that we are, and I, I give you the credit for bringing it forward. And I thank Mr. Victorino for bringing it to the forefront, and let's keep working at it to get it right. Thank you.

CHAIR PONTANILLA: We will. Thank you.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: You know not to burst Mr. White's bubble. You know, I can tell you, just so you guys back there can hear this, too, yeah. There's a property right here in Wailuku, 270 acres, ag. Nothing grows on that, but ag. They pay \$6,093 a year. So don't feel bad, it's not only Upcountry, there are people who take advantage right here in Wailuku. So now you guys feel better, right? I show, it's right there. It's right here, black and white, and after you guys are done, we have a break, come, I'll show you. I can show you guys. But what is

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happening is right here, this is what I'm talking about, 270 acres valued at ag, paying 6,000. My little 11,700 square foot I pay almost \$800 a year, 11,700 square feet. Is there some equity in this whole picture? There's you, Mr. Chair, and the rest of the people, there is the problem. Thank you very much.

CHAIR PONTANILLA: Thank you, Mr. Victorino. I, I think you and Mr. White, you know, really provide us good information on comparing Central Maui with different areas of Maui that, you know, especially those ag subdivisions. Mr. Couch, followed by Ms. Cochran.

COUNCILMEMBER COUCH: Thank you. And just for Mr. White's benefit, the address to send your check to would be 200 High Street, 2nd floor, if you feel you're not paying enough in taxes. Mr. Chair, how would you want to go about this? Couple things, one is...and, and I'm thinking TV audience, maybe the viewers need to know from the, the Tax Department really what is the...can you explain what a dedication is and give an example of the tax benefit for that? Because some of the people may not understand what's going on, and I don't want to lose 'em, 'cause we have a, a big following apparently.

CHAIR PONTANILLA: Thank you.

MR. TERUYA: Okay.

CHAIR PONTANILLA: Mr. Teruya?

MR. TERUYA: Just, I'm just going to use a simple example. Any property that is zoned Agriculture or is being used for agricultural purposes can file a dedication with the, with the County of Maui. It is a petition for agricultural use, it identifies the property by the parcel number. It identifies what is being used for agriculture as a gross area. It includes areas that you identified that are not considered agriculture. It requires a parcel plot plan. It requires pictures, and that form is to be sent to the Division. Anything more from there is really...anything incomplete, we would need to follow up. It identifies what is your name, your contact information. The assessor from that point goes out to the property to field verify what is being stated in the dedication. After it is verified, that, that document is to be returned back to the taxpayer to be recorded with the Bureau of Conveyances, and at that point it's, it's done until the dedication expires. If for any reason the taxpayer does not continue the use, for example let's say they were to subdivide or create new house lots on the portions that were required, required for dedication, those portions that are in violation will be...all the tax savings plus a penalty is, is recaptured by the County. Should the property fulfill the ten-year dedication, they have the option to renew at that point. I think most properties that dedicate that I mentioned, the 744, already have fulfilled the ten years. I mean when, when you're doing a farming operation, you are thinking long term, so most people do fulfill that ten-year dedication. The, the times when you may, you may experience bad weather where the crops go fallow and you need to do soil rotation, if we were find out that you do not use that property for the, for the mentions in the dedication, we send you a violation letter. And what the violation letter states is that you have one year from that date to put it back into the use that you have dedicated, and if you fail to do it within the year, then you'd be subject to the

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rollback. But you are given time, because we do understand, you know, there's good years and bad years. With anybody who's doing onion, if there's a lot of rain, you're going to lose your crop. So we realize that in some years that you may have a bad year, and that's one of the reasons why we thought initially with the agricultural requirement it may or may not be a good thing. It may be a good thing for some years, but some years you're going to experience years that you may not have in any annual income, so that was taken out. So I think the process is not labor, labor intensive, but it does require you to fulfill paperwork. At least, you know, I mean it's such huge benefit, I mean if it's worth your time, you're going to do it. So...I'm sorry, go ahead.

COUNCILMEMBER COUCH: I'm sorry. I do...that brings up a follow-up question, is do you have enough staff? I mean you say you're going to get 5,000 of these.

MR. TERUYA: You know if...

COUNCILMEMBER COUCH: That's a lot, lot of paperwork, it looks like.

MR. TERUYA: Initially, it will be a lot of work. Once everybody is verified, it...there's, there's enough manpower to maintain the program. I mean the only time we're going to go out of our way to go verify is, is basically it's complaint driven. You know, I mean we're not going out there every day to make sure every single person is complying, unless it's required of us to do that. I think like any program, you always try to...every so many years, you take a small sampling, every...whatever property and you go field verify for an ongoing basis. You know, those, those things can be done within the Division, but initially it is going to be rough to maybe accept all those applications, and that's why when this bill does pass, the question that I would have is the effective date. You know, a lot of people are going to apply by a certain time, so, you know, we're going to have to make sure that we have staff available to do the initial paperwork and the, the filings. So I'm not sure if that would be the opportune time to do an LTA, because we're...I mean if this program is established as proposed, the amount of income, and we're talking about several people on a LTA contract or...more than would pay for itself. Yeah.

COUNCILMEMBER COUCH: And, and...

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER COUCH: If I may, Mr. Chair?

CHAIR PONTANILLA: Sure.

COUNCILMEMBER COUCH: He does bring up another really good point, is you've got...and I, I was talked to at breakfast this morning by a prominent rancher family that said, hey look, we've been ranching for...since whenever, 50 years, and now the dad's getting old and the family may or may not last another 10 years for that dedication. So you're...kind of handcuffing the people who have been ranch...or who have been farming and doing agriculture for a long time, and

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maybe it's time that their...want to subdivide it for their families, and then they lose that...the, the breaks, even though they're still going to be doing farming and what not, they're just subdividing the land. So how...one of the things that I'd like to do, and I guess this goes to you, Mr. Chair, is propose an amendment to at least allow for, for people who have been doing agricultural uses on their land for at least 10 or 15 years, that they get some sort of grandfathering in, if you will, or not so much a 10-year dedication, because they...or they've already dedicated their land. If they've already dedicated their land a long time ago and it's kind of expired, they should be allowed to continue on as is, in, in my opinion. And, and this is happening in, I mean, and four people I talked to today that had to deal with farming is they are getting ready to subdivide this farming land. They may keep it in farming, they may not, but they can't say between now and ten years, I'm going to definitely keep it in, in one big lot and being farmed. So I'm trying to find a way to work with the Department to, to allow those guys to continue on, but not handcuffing them for ten years.

MR. TERUYA: Chair?

CHAIR PONTANILLA: Mr. Teruya?

MR. TERUYA: The current, the current practice is, if they fulfill their ten years it's kind of tentatively going on year by year. As long as you notify the Department in advance prior to the year that you're going to discontinue, that's not a problem. But it's fulfilling that first ten years of requirement first that is the main concern behind the bill.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER COUCH: So the ones a long time ago...I'm sorry, this is my last one.

CHAIR PONTANILLA: Yeah, go ahead.

COUNCILMEMBER COUCH: So the ones a long time ago who did it, they're okay, they don't have to really fall in under this? Okay. So it's only if they haven't...

MR. TERUYA: If they, they've already been under a dedication, they fulfilled the ten years, to me that has already fulfilled the criteria.

COUNCILMEMBER COUCH: Okay. Well that's, that's good news.

CHAIR PONTANILLA: Okay. Hopefully when they subdivide, if Upcountry, that water is available for that subdivision, because it ain't gonna happen. Let's see. Oh, one question. You know, we all...when we were in the budget process, you know, there were a lot of ranchers that came, you know, that lease land, and they had a lot...multiple parcels. How does that apply to this issue here?

MR. TERUYA: In the, in the dedication process you...the owner...

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CHAIR PONTANILLA: Does it gotta be ten years...first of all?

MR. TERUYA: Yes. All property must dedicated for a minimum of ten years, that's under the current bill.

CHAIR PONTANILLA: Okay.

MR. TERUYA: If the body should choose that it should be something else, then I guess that's the body's choice. As far as multiple parcels, I'm not sure if this was your question or not, Chair. When you file a dedication you can file it on one property or many, so you can have...file one, one, one dedication that includes multiple parcels, that's really what the intent of it.

CHAIR PONTANILLA: Oh, okay. Thank you.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Mr. Victorino?

COUNCILMEMBER VICTORINO: Mr. Teruya, I want to ask you a question.

COUNCILMEMBER COCHRAN: It was supposed to be me.

COUNCILMEMBER VICTORINO: If a person...

CHAIR PONTANILLA: I'm sorry.

COUNCILMEMBER VICTORINO: Oh, I'm sorry.

CHAIR PONTANILLA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Oh.

COUNCILMEMBER VICTORINO: Oh, okay. I'm sorry. I can wait. Go ahead.

CHAIR PONTANILLA: Okay, Elle --

COUNCILMEMBER COCHRAN: Okay.

CHAIR PONTANILLA: --go ahead.

COUNCILMEMBER COCHRAN: Thanks. And, you know, I mean everyone's throwing out some really good comments and concerns, and I understand there's never a perfect bill. But as Mr. Victorino has said, you know, we need to start somewhere. Mr. Carroll said this has been

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rehashed over and over for years now, and I feel that Mr. Teruya has shown, you know, his dedication and commitment to being very thorough in what he does. And I believe if this is...if he feels this is a tool, you know, for him in Real Property to address the...and proper taxation of agricultural lands that we all have concerns about, then, then, you know, I'd have to support this. And it's a, it's a evolving, working document, and, you know, I'm...I think again we addressed that if you're a legitimate agricultural farmer, rancher, whatever, then this should not be a problem, you know. And I was at that Pukalani meeting, and I recall it was very heated, there was a lot of people there. And, yes, Mr. DeLeon brings up a good point, where are they today? You know, the Cattlemen's, Maui Farm Bureau, I'm sure they have a member list or...of people, they could of like just e-blasted everybody and have them hoard the Chambers today to put in their manao, you know, if there's some huge concerns. So I want to thank Mr. Teruya, again, you did open, you know, you said you're willing to have a public meeting and what have you with any entities that....who's...who wants to. So, you know, I want to thank you for that. And just following up on Chair's comment about the multiple TMKs and what have you. I recall if it was Mr. Alexander or somebody that he leases these lands. So if...you know, so who's...is it the lessee or the lessor that is in charge of the dedication of the lands for the, for the full ten years, Mr. Teruya or Chair?

CHAIR PONTANILLA: Mr. Teruya?

MR. TERUYA: Chair, in, in the sense...in the case of lessees, if, if you're not a lessee of 15 years or more or at least the term of the dedication, we would require the owner to file the dedication, yes.

COUNCILMEMBER COCHRAN: Well okay, 'cause I was just thinking along the lines if they had raised their, you know, their rent so high that now they can't continue to or what have you, then it's not no fault of their own, you know, so anyway. Thank you, Mr. Teruya. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Members, any more questions? Mr. Victorino?

COUNCILMEMBER VICTORINO: Yeah, Mr. Teruya, how does someone change from let's say Unimproved to Ag--not Ag to Unimproved, Unimproved to Ag--how do they do that?

MR. TERUYA: Okay. First of all, Unimproved Residential is, no longer exists, yeah.

COUNCILMEMBER VICTORINO: Well, but it was past --

MR. TERUYA: Yeah.

COUNCILMEMBER VICTORINO: --so let's...my example is that's what exactly what happened here, so I just want to hear how that, that occurs.

MR. TERUYA: Okay. There is no way to change from Residential to Agriculture unless you have a zoning change. That's, that's really the answer.

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COUNCILMEMBER VICTORINO: So you go from Unimproved, it'd have to have been changed to...the zoning had to have been changed to Agriculture?

MR. TERUYA: Yeah, or Rural.

COUNCILMEMBER VICTORINO: Interesting. I have to go look up some records, because this property in question in 2002 paid \$82,000 for Unimproved, next year it went to \$132.19. No, this is the things I keep --

MR. TERUYA: Oh, okay. Okay.

COUNCILMEMBER VICTORINO: --researching.

MR. TERUYA: Okay. That's, that's, that's different, because what, what that --

COUNCILMEMBER VICTORINO: Okay.

MR. TERUYA: --could have been done, is they could have been on Residential land, have been the farming the land for at least five years...that's the one requirements if you get...if you want Agriculture on, on Residential-zoned land, it had to have been in production for five years --

COUNCILMEMBER VICTORINO: Uh-huh.

MR. TERUYA: --and had some income test to it, and it excludes pasture in Residential use.

COUNCILMEMBER VICTORINO: Okay. So that's how that, that could occur?

MR. TERUYA: Yeah. Yeah.

COUNCILMEMBER VICTORINO: From Unimproved to Ag?

MR. TERUYA: Correct. An example would be maybe an orchard or a nursery.

COUNCILMEMBER VICTORINO: Uh-huh.

MR. TERUYA: That's allowed, it might have a conditional zoning. I know down in Kihei, I think Kihana's might have been Residential zoned that may be operating as a nursery could maybe dedicate for an --

COUNCILMEMBER VICTORINO: I see.

MR. TERUYA: --agricultural use, but it's limited in Residential-zoned lands that it only be for diversified agriculture, not pasture use, no grazing of animals.

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COUNCILMEMBER VICTORINO: Okay. 'Cause I just, you know, it's, it's here, and so I'm wondering why the drastic change, and you're telling me that's not possible. But in essence, it is very possible to go from Unimproved Residential--oh --

MR. TERUYA: Yeah, right.

COUNCILMEMBER VICTORINO: --Residential now, that's the classification we have, we don't have Unimproved--Residential to Ag, based upon that?

MR. TERUYA: Correct.

COUNCILMEMBER VICTORINO: And that's still applicable today?

MR. TERUYA: Yeah. So you can...if you don't have the Agriculture zoning you're currently required to dedicate. Meaning if you're on Rural land --

COUNCILMEMBER VICTORINO: Uh-huh.

MR. TERUYA: --and you want agriculture use, you have to dedicate. So most of these people who've dedicated are probably...don't have Agriculture zoning. So if you don't have the zoning, then you must dedicate.

COUNCILMEMBER VICTORINO: Okay. Okay, Chair, good, thank you.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER VICTORINO: Appreciate that.

CHAIR PONTANILLA: Mr. White, you had a question?

COUNCILMEMBER WHITE: No, he just answered it.

CHAIR PONTANILLA: Okay. Mr. Couch?

COUNCILMEMBER COUCH: Sorry about all the questions, but I'm trying to get --

CHAIR PONTANILLA: No, no.

COUNCILMEMBER COUCH: --enough information that we can...you just mentioned that most of the people who are...have dedicated are generally not agriculture people. So then we still have the people who have been around for...since the '50s that have been farming their land, maybe not dedicated, because it was already Ag, how are we going to get...grandfather those in? I'd like to see some sort of language, and I can come up with some language and work with you on that.

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MR. TERUYA: Well...

COUNCILMEMBER COUCH: Are you guys open to, to looking into those situations?

MR. TERUYA: I'm not, not opposed to any, any of your suggestions. I think when I said most of them, most properties that have large agricultural uses, meaning thousands of acres, probably dedicated their lands, because there's a provision in the Code that if you dedicate the property for 20 years that it's even half of that agricultural use value. So there's a big property's...I would, I would be very...it would have to be probably in excess of 1,000 acres, those people who'd want to dedicate to further get the lowest rate possible would dedicate already for 20 years, and that would be probably a lot of the, the sugar, the pineapple, et cetera, that have filed the dedications for 20-year periods.

COUNCILMEMBER COUCH: Okay. That's...that still...we're still...and we'll work on that. Then the other part is, is the smaller ones. I have an example of a 25, 25-acre farm that's been farming since the '50s, and maybe five years ago they subdivided, because the family grew up now and they're...some of them are farming. What happens to them? They've been, they've been farming all this time since the '50s on that land getting Ag rates, and now they have subdivided four or five years ago. You know, is that still...and even if the land was dedicated, is that still...do, do these new...the family members have to rededicate now? Is that how that would work?

MR. TERUYA: Yeah. Because if you did not go...if you did not dedicate and...if you have already dedicated and fulfilled, that would be one thing, but agricultural use is, is something else. It falls under a whole different sets of what are, what are violations. Yeah. So agricultural use, the violation was subdivision under five, five acres. Yeah. And under dedication program the violation was nonuse, so it had a different set of, set of rules. But I, I just, I just want to reiterate to the Members, it's whatever you choose, this body chooses to be the guidelines. I mean we're, we're just here to administer whatever the wishes are of the body. So I don't think we're opposed to anything, we would have definitely our, our responses as to pros and cons to any, anything that you guys have, so we're open to whatever this body so chooses.

COUNCILMEMBER COUCH: What does the Chair choose? Are you looking for amendments today, now, or are we just information gathering?

CHAIR PONTANILLA: No. Mr. Couch, you know, we having some really good discussion --

COUNCILMEMBER COUCH: Okay.

CHAIR PONTANILLA: --in regards to going forward with this bill here. The intent of this Chair is to come back and then we'll go page by page, to ensure that whatever issues that we have or whatever issues that the farmers have can be addressed. And we'll, we'll do amendments as we move forward, to ensure that we're comfortable with the bill. And I, I want to thank Mr. Teruya,

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because he's, he's the brains, actually, behind this whole thing, and he's so versed in Real Property Tax issues that, you know, his resource is going to help us create a bill that we all can live with, I know that. So, again, the next time we meet, you know, shoot this thing on the, on the wall, and then we'll go item by item, you know, what's being proposed, and if you do have amendments to make, you know, certainly we'll address those amendments.

COUNCILMEMBER VICTORINO: Chair?

CHAIR PONTANILLA: Before I call on Mr. Victorino, I think Mr. White had his hands up earlier.

COUNCILMEMBER WHITE: Thank you, Chair. Mr. Teruya, I, I realize on the page...the top of Page No. 6. You know, with, with the homeowner's exemption bill that we just dealt with, one of the things that we took out of the homeowner's exemption was the wording "intent to reside". And at the top of Page 6, Item B, the very top line, it says "if any owner desires to use his land for agricultural use". Doesn't that set up the same kind of challenge for you in enforcement that the "intent to reside" does?

MR. TERUYA: Well I, I would say yes and no. I think the concern you're going to have from the agriculture community is the start-up people. When you start up a business and you start up a ranch or you start up the agriculture, whatever you do, it does take a lot of time and money. Whether it's tilling of the soil, et cetera, I, I don't really say that I would, I would prohibit it, I mean or intent, but I mean as long as you start the activity. I mean initially the Code or some rules and regs identify actually put to use, so actually turning of the soil, actually starting whatever that is. I mean we would hope that everybody would, would do it in a timely manner, obviously. But I wouldn't be opposed to, to start up of the business, because I think it will turn away a lot of new people who would be...need maybe, you know, several years to, to start that operation. I'm not saying that that's how long it should take, but, you know, if you're turning the soil and you're doing a crop, I'm sure it's going to take a lot of time to do the start-up work, put the irrigation, et cetera.

COUNCILMEMBER WHITE: Right. We...

MR. TERUYA: So, yeah, I wouldn't be opposed to it.

COUNCILMEMBER WHITE: Yeah, I understand that. My concern is, there's a difference. I mean intent to me is much stronger than desire, and a start-up is...if you're comfortable with us putting something having to deal with start-up, I think that's --

MR. TERUYA: Yeah.

COUNCILMEMBER WHITE: --maybe a bit more appropriate.

MR. TERUYA: I just wouldn't want to kill the bill by saying, I mean I know any, anybody who's starting up an agricultural business, it does take time. I'm not sure what it is that would be the

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trigger as to the start date, but, you know, when you...when you're promising it for ten years, I mean you can only pull it off for so long. So, you know, if, if, if we're going to monitor it initially, whether it requires that first initial until the plants are actually in or the goats are actually in. I mean for, for pasture use, it's very evident. I mean if you don't have a fence, you don't...you can't do a pasture. I mean I don't know...cows don't know their boundaries yet, you know, so, you know, so for certain uses we would require, you know, the fencing at least be in and the animal be in, you know.

COUNCILMEMBER WHITE: Right.

MR. TERUYA: So...

COUNCILMEMBER WHITE: Okay. So we can, we can play with that. The other question I had, was in previous conversations regarding ag use, you've had...you've mentioned the challenge of access to the property to verify what the use is. Are we able to put something in the, in the dedication petition that says my property will available at the request of the County? Or how...does that need to be in the, in the ordinance that the property must be available for inspection?

MR. TERUYA: I, I think that is a very, very good suggestion. And no doubt prior to receiving the benefit, obviously we would have to do a site inspection, and if the site is not being able to have access, then obviously that would be a concern of us that we wouldn't grant. And believe me, if you don't get the exemption, you probably will give us access, 'cause, 'cause if we can't verify the use, then there's no way that we can initially approve it. And I think as an ongoing basis, it would be good...I mean that's why we require contact numbers, because the worst case is, if we can't have access, then we're just going to have to give you the notification, and that's one of the things in the Code that says you have one year to put, put forth within that, that, that notification. And if we don't have access when we need to gain access, we will write you that violation letter until we get access.

COUNCILMEMBER WHITE: And should we be putting something in here that at least in...not as a rule, but again as a tool that you can use, should we put it in the application, the petition or in the ordinance that you have under certain circumstances the ability to ask for a Schedule F to verify farming activity or farming income?

MR. TERUYA: If, if you had put it in the Code, it's obviously cleaner that, that, that the Director has the authorization to require or request any documents. I think that is good. If it should not go forth in the, the ordinance, I would assume that the Division would draft rules of procedure that goes before and doesn't have the full effect of law, but, you know, it does have some criteria that we have to go by to require certain documentation. But I would say the Code is the best place for that, for that language.

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

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CHAIR PONTANILLA: Thank you. Members, any more questions? Mr....Chairman Mateo?

COUNCILMEMBER MATEO: Yeah. Thank you, Chair. Just to follow up with you, Mr. Teruya. One of your responses to Mr. Victorino was kind of interesting when you referenced that dedication of land would be excluding grazing and pasturing. And, and yet if the intent is cattle, for example, that's part of the process of, you know, raising, raising animals, so can, can you tell me why those two items, grazing and pasturing, is not allowed?

MR. TERUYA: Okay. Thank you, Chair. What I was referring to is basically the ordinance that was given to the County from...back from the State, and all it excludes is it, within Residential zoning. It doesn't exclude it from any other zoning, except it says Residential zoning, and I can't only think other than it's just a...possibly a nuisance issue, yeah, in the Residential zone, meaning, you know, within urban areas, and that's the only thing that our current Code excludes within the Urban district. Yeah.

COUNCILMEMBER MATEO: Thank you. And, and the other question is, in your discussion you just shared with Mr. White, the, the question on access. Are you not pinning your own Department in the corner? Because this ordinance is primarily based or is complaint driven, so you're already short, and if you're anticipating upwards to 5,000 potential petitions, we already know it's not going to be done. You know, so I do understand the process, the petition process and the amount of requirements that the owner will have to submit, but it will take somebody to validate it, to verify. So I don't know how the Department is going to do this if you're not going to be telling us you need bodies in your Department to generate this validation.

MR. TERUYA: Yeah. Good point. Obviously, you know, when, when we do, do it initially, I really don't know how much people will sign up for this petition for agricultural dedication. That's why it's, it's my guess just as anybody else's guess is how much people are going to go forth. As I mentioned to you earlier, our...what we find is about a 25 percent rate that, you know, probably are not going to do it, so if I just take that, it'll...we'll probably be down to about 3,000 petitions. Even at 3,000 petitions, at...in the late part of the year, to, to go through all that will be, will be a daunting task, there's no doubt. The only thing I can say, is that every petition would probably be granted initially, and we'll, we'll...until we get down to the end, that's where really where we're going to be. I don't know how long it's going to take us, that's why I said initially, whether this body feels that we should have more people initially to go through all those whatever number of filings, that's one thing. If we don't get any bodies, then it's just, you know, we're going to just have our existing staff go to every single one, because every single one initially is going to have to have a review. I mean you're going to have to go out there. There's, there's just no question about it. I think that is the most important inspection of all inspections, just to know that it's clearly evident that the use that being, being, being said is being done. So I have a very good feeling that mostly...most of the people who do file that dedication, I would almost suspect almost all of them would probably be bona fide operations, because you're attesting to something, and it's requiring you to file with the Bureau of Conveyances, it does run with the land, it does identify. We do require pictures, so initially the pictures alone stand, stand a lot, too, you know. Most operations that do bona fide ag, believe me, we get a whole stack of

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pictures. You know, when, when people do active ag, they're more than happy to share all their pictures that they have, and, and most of the farms that we can find that are legitimate, it's no problem in finding and identifying what is the use. It's, it's those that...and most...access to most properties are available, I, I would say that, or at least from the adjoining or from the road. So there will be a handful of properties that may be difficult or challenging, but I would say that for, for the most part, we're going to be able to inspect most of the dedications that come forth.

COUNCILMEMBER MATEO: Thank you. Thank you, Mr. Chair.

CHAIR PONTANILLA: Thank you. Director Agsalog?

MR. AGSALOG: Mr. Chair? Mr. Chair, thank you. And to follow up with the Chair's...Council Chair's concern, when we have a new Code like this, it's a revenue-generating type of legislation, and I know that we need some resources for that. And I, I know that you guys are also aware of that, and should we need that, we will come to you and ask for it. And that's not to hide anything, and I'm very open with it, because if I need it to enforce and get a really fair taxation in this way, I will come and ask for it, Mr. Chair. Thank you.

CHAIR PONTANILLA: Thank you. And, and this body has been receptive in supporting the Department, you know, on limit term...limited term assignments, and once we catch up, then, you know, those assignments or those positions can be removed from the Department. So, you know, as far as...I know in the last several years we've added bodies to the Real Property Tax Division so that we can go after monies that are owed to this County. So I, I think we share your same concerns. Mr. Victorino?

COUNCILMEMBER VICTORINO: Yeah, Chair, and thank you. And, Mr. Teruya, again, looking at all of these numbers that you're referring to and being able to complete the task at hand if we give you extra help, you know, probably more immediate than other. In your dealings with people through the years, by just changing this and making it really known those who are legitimate, you got nothing to worry about, those who aren't, what do you think is the percentage of people that will come in within the next...within the first 60 days to say, hey, this is what needs to be done, yeah, here, I'm not farming anymore. 'Cause didn't you do that with another part recently, and you said like within a, within a couple of months, 800 came in or? I remember you telling me the story, could you repeat that? And...'cause I think people have to understand. I just think people are not aware of...there may be a lot of them that just don't know what is, what is happening, and they may correct it, because once they are aware of it, they don't want to be in trouble. I'm not saying everybody cheats now, that's not my point. I think there's a lot of people who just don't know. So, Mr. Teruya, could you cover that real quickly?

MR. TERUYA: Okay. One of the things that we've done over the last several years, is whenever properties change hand or a deed is to take place where there's a transfer in deed, well one of the questions that we have whether it's a home exemption or condo use survey, what are they doing for the condominium or even for somebody receiving agriculture, is to send them a letter to verify if it's still taking place. And there's a lot of people...there's a fair number of fair and

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honest people that says no, I do not, so that already would drop it out. What we would do if this bill seems to get steam and take place, is one of the recommendations would be, for every person that we have on record doing agricultural use, is just to send that simple survey out right away and try to eliminate people.

COUNCILMEMBER VICTORINO: Right.

MR. TERUYA: That would probably be the best thing. We've sent it out in the past, and we haven't...we've had, you know, some people claim, and some people don't respond. So if we had this bill going forth, we would have a little bit more teeth behind us to require them to respond or --

COUNCILMEMBER VICTORINO: Right.

MR. TERUYA: --failure to respond may, may lead to a, you know, no longer receiving the exemption. And under the bill, what we would be doing is basically a non-response to, to the inquiry may be grounds for, for terminating the agricultural use. I'm not sure where, where we're going to go, but that would probably be the easiest way for us to filter out and then work on the people who've actually filing the dedications.

COUNCILMEMBER VICTORINO: Right. And again you had mentioned to Mr. Couch that when you, you've been farming...and I see inside here, if you've leased for 15 years on the very back page, you know, if you...agricultural dedication for lease is, what, 15 years, yeah? Did I read that? I just read 15 years...for a lease portion, yeah? Okay. I'm...I lost the page again, I'm sorry. But there was a portion that says if you were leasing or a term of ten years from the date of agriculture, the portion also deemed the owner of the land within these provision...the land dedicated...*(mumbles)*...

MR. TERUYA: Yeah. On, on Page 9.

COUNCILMEMBER VICTORINO: Page 9, yeah. Okay. Yeah.

MR. TERUYA: It basically says that you gotta have a lease of at least as long as the dedication, yeah.

COUNCILMEMBER VICTORINO: Okay. Okay. And then the other part that I saw back here on Page 10 was the land term dedication. The land dedicated must be used for livestock use such as feed lots, cattle raising, like operations of dairy, beef, swine, poultry, aquaculture, but excluding grazing and pasturing. Again, again that was, that was brought up earlier about grazing and pasturing. Why are we excluding grazing and pasturing?

MR. TERUYA: If you back up to that, that is Item 2 under J, but that's...J refers to properties within the Urban, Urban district, that's why.

COUNCILMEMBER VICTORINO: Oh, okay.

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MR. TERUYA: Yeah. Sorry.

COUNCILMEMBER VICTORINO: Okay. Oh, I see right here, yeah, land within Urban districts to be dedicated.

MR. TERUYA: Yeah.

COUNCILMEMBER VICTORINO: Okay. Okay. Okay. So that was the question Mr. Couch brought up earlier, and...okay.

COUNCILMEMBER COCHRAN: Mateo.

COUNCILMEMBER VICTORINO: Okay.

COUNCILMEMBER COUCH: Mateo.

COUNCILMEMBER VICTORINO: Oh, Mr. Mateo. Well somebody, anyhow I apologize, blaming the wrong people. Sorry.

CHAIR PONTANILLA: Okay. Members, any more questions for the Department at this time? Seeing none, then I, you know, I, I just want to say thank you, Mr. Teruya and Mr. Agsalog, for being here, you know, providing answers to our questions this afternoon. We have it scheduled for the next meeting, right?

MR. KANESHINA: Uh. . .we'll discuss it.

CHAIR PONTANILLA: Okay.

COUNCIL MEMBERS: . . .*(Laughter)*. . .

CHAIR PONTANILLA: Okay. I'll discuss with Staff, because I really want to move forward on this particular bill, and, and, you know, once we get it off the agenda, then, you know, that's something less that we can work on, as far as I'm concerned. I do have some tough ones, you know, that's coming up also, yeah. So the next time we discuss this item here, we'll flash it on the board and we'll go from page to page, and, and if there's any amendments or, or anything that you guys want to add in or remove, then by all means, you know, bring up those amendments. And what Mr. White had told the people that sitting in the gallery, if you do have issues or, or recommendations, we certainly would like to hear about it, or, or, you know, send us e-mails in regards to the issues that you have that may affect, you know, you folks, especially the, the bona fide farmers. So if you folks could do that. And then we'll work with the Department in regards to having a workshop done, you know, so that people Upcountry, especially Upcountry would understand this particular ag bill that we're trying to, you know, move forward on. So, Members, any more discussion or comments that you would like to make?

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COUNCIL MEMBERS VOICED NO OBJECTIONS. (excused: GRH and GB)

ACTION: DEFER pending further discussion.

CHAIR PONTANILLA: If not, the Budget and Finance Committee meeting for June 28th is now adjourned. . . .*(gavel)*. . .

ADJOURN: 3:14 p.m.

APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:110628

Transcribed by: Daniel Schoenbeck

