

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

January 13, 2012

Lanai Community Center

CONVENE: 6:04 p.m.

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

EXCUSED: Councilmember Danny A. Mateo, Member
Councilmember Michael P. Victorino, Member

STAFF: Scott Kaneshina, Legislative Analyst
Camille Sakamoto, Committee Secretary
Denise Fernandez, Council Aide, Lanai Council Office
Morris Haole, Executive Assistant to Councilmember Robert Carroll

ADMIN.: Marcy Martin, County Real Property Technical Officer, Real Property Tax
Division, Department of Finance

OTHERS: Fairfax "Pat" Reilly
Archie Nahigian
Stephen West, International Longshore and Warehouse Union (ILWU)
Joseph Felipe, Unit Chairman, International Longshore and Warehouse Union
(ILWU)
Dan Martin
Leslie Couch
Geraldine Carroll
Ralph Masuda, Lanai Company
Chris Baptise, Lanai Company
One (3) additional unidentified attendees

ITEM BF-70

**DISPARITY OF REAL PROPERTY ASSESSMENTS FOR
AGRICULTURAL VERSUS NON-AGRICULTURAL LANDS (CC 11-227)**

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CHAIR PONTANILLA: . . .(*gavel*) . . . The Budget and Finance Committee meeting at Lanai Community Center, January 13, 2012 is now in session. The time is . . .6:05. We do have a quorum this evening. And, thank you, Members, for being here. At this time, the Chairman would like to introduce the Members that are here this evening.

. . . We do have the Vice-Chair of the Committee to my right, and your representative, Riki Hokama. And we do have Member Mike White. To my left, we do have Ms. Gladys Baisa. . .Mr. Don Couch, as well. . .as well as Councilmember Elle Cochran. And to the far left, we do have Member Bob Carroll. Excused at this time is our Chairman, Danny Mateo; as well as Mr. Victorino. The . . .Committee staff that are supporting this Committee this evening is, we do have our Legislative Analyst, Scott Kaneshina; as well as . . .as well as our Committee Secretary, Camille Sakamoto. Joining us this evening from the Administration, we do have Marcy Martin. Marcy is the Property Technical Officer.

. . . Good evening.

. . . This evening the Committee is accepting public testimony on BF-70, Disparity of Real Property Assessments for Agricultural versus Nonagricultural Lands. The Committee is in receipt of a proposed bill, a bill for an ordinance amending Chapter 3.48, Maui County Code, relate . . .relating to the tax assessment of homesites on parcels receiving agricultural use assessments. Before we get started, I'd like to cover a few ground rules. If you do have any cell phone, if you could turn it off or put it on the silent mode at this time?

NOTE: Pause.

CHAIR PONTANILLA: . . . You will be provided a total of three minutes to testify, and Chair will allow one minute to conclude your testimony. When you come up and pick up the mic here, if you can speak directly into the mic, provide us with your name, the organization that you represent, the Committee would appreciate that.

. . . When you're done with your testimony, if you could stay there for a few seconds, the Committee may have questions for you. Members, we do have two people signed up for public--

VICE-CHAIR HOKAMA: Chair? May I . . .(*inaudible*) . . .

CHAIR PONTANILLA: Sure.

VICE-CHAIR HOKAMA: . . .(*inaudible*) . . .

CHAIR PONTANILLA: Okay.

VICE-CHAIR HOKAMA: Chairman, my request to you and the Committee this evening is . . .maybe to help Lanai understand this particular issue we're here for this evening, if maybe you would allow Mr. White, as our Investigative Chairman; yourself, Mr. Pontanilla; or even Ms. Martin from Real Property Tax to give, maybe, some comment on why we're here, what the purpose of this

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meeting is about so our people can then give good testimony. And while we may not particularly have this issue of homesites within agricultural lots on Lanai, I think what Lanai would like to know is if this is something that is important to the County as part of our policy and that we are gonna subsidize part of our agricultural. . .sector by assisting them in, in the possible real property taxation area, how does Lanai then participate in providing a small--might be a small amount--but nonetheless Lanai may be part of providing this benefit to those that are actually gonna receive this agricultural. . .homesite. . .assessment benefit or whatever we're gonna call it down the road, Chairman.

CHAIR PONTANILLA: Thank you. With that said, I think, you know because we do have two persons signed up for public testimony. . .at this time, rather than call the people that are providing public testimony at this time, I would like to turn the mic over to Member White to give a brief history on what we're doing in regards to the disparity of real property tax here in Maui County. So with that, Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair.

VICE-CHAIR HOKAMA: . . .*(inaudible)*. . .

NOTE: Pause while Member White turned on the mic.

COUNCILMEMBER WHITE: . . . Is that a little better?

COUNCILMEMBER COUCH: . . .*(inaudible)*. . .

COUNCILMEMBER WHITE: Doesn't sound any different.

UNIDENTIFIED SPEAKER: . . .*(laughter)*. . .

COUNCILMEMBER WHITE: The issue that we're discussing this evening is the question of whether or not to. . .to change the way we are valuing homesites on agricultural parcels. And the issue of. . .low taxation on very fancy, large agricultural parcels--also stated as a gentlemen estates or gentlemen farms or gentlemen ranches issue--has been around for many years. And with that, what has happened over time is that people with large homesites on ag lands where the, the parcel is significantly larger than the homesite--the homesites may be two to three acres in size. . .we have situations where some of these large landowners are paying on the same value for their 72 acres or 67 acres or 25 or 30 acres the same amount as someone in a. . .8,000 square foot lot in Paia or 7,500 square foot lot in Kahului would be paying. So what the Temporary Investigative Group did was to go back into the records with the Tax Department and see just how much of a disparity there was and to look for ways that we could change the way the ag, the larger ag properties or actually all ag properties are dealt with.

. . . And in addition to seeing the disparity between the large ag owners and, and others, there is also a value to having a homesite on an ag parcel. Because the way we have been valuing those parcels is by taking the percentage of the land occupied by the homesite and applying that

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percentage. So if you've got a 10-acre parcel and you've got a 5 or a half-acre lot, then what you're going to pay is five percent of your market value. If your house is on a quarter of an acre, you're gonna be paying on one-fortieth of your market value. So that brings the number down pretty dramatically. We have examples where in Waikapu we have a, an owner who has 67 acres with approximately--depending on where you look. . .maybe a half-acre to an acre of. . .of homesite. And he's paying on a, his valuation for tax purposes on his. . .on his land, his entire 67 acres is only 7,100 dollars. A person right down the street, about 800 feet away from his property line is paying on the higher value for just his land than this large landowner is paying for his three houses and 67 acres. So the purpose of this bill is to simply say if you have a home on agricultural land, then we ex, we will value. . .that property, we will value a portion of the ag land taken up by your homesite as though it's a homesite somewhere else. And obviously the further away from town you are, the. . .I'm assuming the, the more the value will drop. But we're hoping to end up with a system that says if you have a quarter of an acre on an ag lot, instead of paying 40,000 dollars. . .on the 40,000 dollar value, it'll be brought up to something close to the value of other lots of the same size nearby. So that's the purpose of tonight's bill. The Investigative Group also dealt with another issue regarding dedication of ag lands, but that's. . .that's not on the agenda for this evening. So. . .and. . .and other Members, please feel free to fill in the gaps if I left something out.

COUNCILMEMBER WHITE: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Okay, Marcy, anything to add?

MS. MARTIN: No, I do not have anything to add.

COUNCILMEMBER WHITE: . . . She's shy.

CHAIR PONTANILLA: I know . . .*(laughter)*. . . Thank you, Member White. Uh. . .and thank you, Mr. Hokama, for having me rethink. . .the agenda'd item for tonight. At this time, we do have two people signed up for public testimony. And again. . .people that are providing. . .public testimony, if you can speak directly into the mic? You have three minutes to provide your testimony. Chair will give you an additional minute to conclude. And if you could provide your name and the organization that you represent, the Committee would appreciate that. The first person to sign up for public testimony is Fairfax Reilly.

. . .BEGIN PUBLIC TESTIMONY. . .

MR. REILLY: . . . Aloha. . .Kung Hei Fat Choi and happy new year! Thank you for coming to Lanai tonight. Tonight is a busy night, amazing for Lanai . . .*(laughter)*. . . We got a lot of things going on tonight, so if I skeddaddle out, my apologies.

. . . I did read through the bill and. . .as we're all aware, Riki has a much more extensive knowledge in terms of what's going on on Lanai. I just bring some things up that ran through my mind. And we're coming up with a community plan process pretty soon. So this may, in

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fact, in the future be very important issue depending on development and ownership and whatever happens to Lanai in the future. Uh. . .I guess in one sense I sat on GPAC and we know we wanna protect agriculture. And more recently on this island that is a topic. And I've met one gentlemen, and there are several other gentlemen that actually have concluded a lease with Castle and Cooke to start an ag project here--which is kinda surprising to me. Small. . .but it says something to me about the motivation of those people to wanna come to Lanai and share with Lanai local food growth and to teach our children. I'm a retired school counselor from the school here. So to me that's real important. And it is a major topic of Lanai--about how to sustain ourselves with local food.

. . . I guess. . .the, in the bill it seems like a Director has to make the call. And as any rule book goes, it depends how clear the rules are . . .(laughter). . . to how the referee calls it or . . .(laughter). . . depending how you want to accomplish the policy of this.

. . . To me, if, if. . .if a person is living on a true ag. . .business and conducting agriculture for the benefit of the community and the County. . .maybe they shouldn't get the incentive of the total ag valuation, but it seems to me there's worth, we've. . .Maui County incentivizes. . .talking about incentivizing a lot of things these days . . .(laughter). . . and to me to put ag on the bottom and *not* incentivize that, a true ag project, to me that would not be useful. . .given everything we're talking about--whether it's biofuel or true agriculture or whatever, however you decide that. So the clarity of the rule and what you're trying to apply for the policy, to me is very important. I just happened to be going through the tax map on the web site today to look at various valuations . . .(laughter). . . and somebody was looking over my shoulder and they were looking at their house and they were saying holy smokes, my house would never sell for that price . . .(laughter). . . Well, that raises an issue for revenue for the County. In other words, how volatile are tax revenues based on valuations of different property and different classes of property? To me, that's very important. And how you set those valuations in our community--on the residential side, we've had foreclosures. We've had some sales, but my guess is that the prices are on the way, continue to be on their way down on Lanai.

. . . Probably. . .I worry if there are a second home. And I agree with the gentlemen estates or those kinds of things. That. . .to me, that was. . .a way to get around paying taxes. I mean if that, that was just. . .a way to get around it. *That*, I would not agree with. You know, if it's a true residential and they're truly doing farming--and at what level you decide they are truly doing farming and when they start. . .I leave that up to you guys. But it's gotta be true ag, to me. Um . . .

. . . Yeah, last, I, I think that's generally it. Uh. . .you know it's in our General Plan for the whole County. As we start the community plan, I'm sure ag is going to be an issue here that. . .we would want to keep. And so I just hope that, I'm sure your investigative committee went through all these things, but I just wanna make that statement that let's not kill agriculture. Thank you very much.

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

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COUNCILMEMBER COUCH: Mr. Chair?

CHAIR PONTANILLA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thank you for coming, Mr. Reilly. And I appreciate your comments. And you mentioned some things that, that are kind of to the heart of the matter. When you say "true ag", we have to define "true ag". And, and you kind of hinted at, that it's commercial ag. But where in your, your definition--and this is just to get more input from as many people as we can. Do you, do you put, like subsistence farming, sustainable farming, and. . .or, and like you say. . .farms that benefit the community, which would mean maybe you're out there farming. . .you're gardening in your backyard and you have extra vegetables and you give 'em to your neighbors on either side--is, are any of those things. . .in your definition, true ag?

CHAIR PONTANILLA: . . . Mr. Reilly?

MR. REILLY: . . . Yes. . .some of them are. And I, and I. . .here's the way I went through it in my head. Is that obviously the Land Use Commission classifies land. The County comes in and zones land. So depending what the zoning is *originally*. . .for example, the Manele Project District was Ag. Parts of it are still. . .or around it are still ag that have to be converted if they wanna do anything there. So. . .that's one whole issue--what, what was the land zoned for and why was it zoned that way or classified originally. And I think I was trying to get at the. . .the difficulty of define, definition. Right? But in our present situation--both in the State, the County, and on Lanai--we spend a lot of money bringing food in here. Now the assumption is that there's a residence or a structure on this land or nearby lands. . .well, within that plot, right, that is zoned Ag, that the person is, is *raising* something. Now whether they're. . .the assumption is whether it's a cooperative or where they bring it to the local market here on Saturday to sell. . .it sustains our community. So how you, you know, this is always a problem. How you look at it on Maui and how we look at it in a small rural community--Hana or Molokai--I don't know if you can write one rule, one definition that fits all. I mean, you've got a basketball rule, you, you call it no matter where you play. But. . .it ain't that easy. I understand. . .*(laughter)*. . .it's not that easy. But anything to help us sustain our agriculture. If there's a residence on it and that's a primary. . .they are doing, and who's gonna make the call, what, are they gonna get a license or they, somebody, inspector. . .*(laughter)*. . .you have to pay for inspectors to go around and do that? You know, I, I didn't get that far in my head yet. But don't kill the local farmer.

COUNCILMEMBER COUCH: Thank--

MR. REILLY: Thank you. . .*(laughter)*. . .

COUNCILMEMBER COUCH: Thank you. And you eloquently. . .point out exactly what our problem is. Thanks.

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

CHAIR PONTANILLA: That's right.

AUDIENCE: . . .*(laughter)*. . .

MR. REILLY: Yeah, sorry.

CHAIR PONTANILLA: Thank you. The next testifier and final testifier that signed up prior to the meeting is Archie Nahigian.

MR. NAHIGIAN: Is it okay if I sit? Is it okay if I sit here?

CHAIR PONTANILLA: Sure.

MR. NAHIGIAN: I didn't come here with the intent to testify. I thought it was a regular budget meeting and I like coming to listen. But being as you all came here and there's only one other person that was testifying, I thought I would testify as well.

CHAIR PONTANILLA: Sir, if you can identify yourself?

MR. NAHIGIAN: Oh, Archie Nahigian. I'm a private. . .resident here on Lanai. I read the ordinance here, proposed ordinance. I read about the article and Councilmember White's efforts in *The Maui News*, and I think it's long over due. I think this--both at the County, State, and Federal level--is, one of the great benefits of the economic downturn is legislators at all levels are finally looking at these inequities. You're not saying you're gonna tax ag, you're saying you're gonna tax a *house* at the *house* rate that happens to be on a *farm*. My mother lives on a 40-acre farm in California. Her house is taxed as a *house*; her farm is taxed as a *farm*. It's very simple. So I would *not* get into the definitions. Pat has a much more complicated and complex mind than mine. I'm simple.

ALL: . . .*(laughter)*. . .

MR. NAHIGIAN: I would say if, if a person is living on a *farm* and can make that farm financially viable, *farm*. But you should be paying the same tax on your house that your neighbor in town is paying on their house--if that's what the rate is. So I don't, I think these subsidies where government is deciding that one person is gonna get a benefit at somebody else's expense are all wrong. If you're, if you're taking tax money, then the subsidy should go for things that benefit the entire community. So I thank you all for being here. I hope you'll pass this quickly and search in the. . .in the laws for other things like this that have, I think, existed because there's been neglect and people haven't felt the need to look for the revenue. And as I see it, the choice is either taxing those people fairly, who have had a benefit for a long time; or raising *everybody* else's taxes. The only, the only thought I would have is if people have *relied* on that tax rate

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because the *County* has given them that, there ought to be some way that you're not forcing somebody who might be on the margin, out of their home. So if there's some way to phase it in, I don't think you should "grandfather" folks, but maybe you can phase it in for folks where there would be a huge increase. And that, if there's--especially if they're on limited income--and maybe they would have to demonstrate their income--so that you're not kicking somebody of the farm who had a house there, relying on the Council's or the County's ordinance that they thought that was gonna be their tax rate. Thank you very much.

VICE-CHAIR HOKAMA: Good point.

CHAIR PONTANILLA: Thank you. Thank you for your comments. Members? Mr. White?

COUNCILMEMBER WHITE: You bring up a really important point because a lot of people aren't aware that the County has a Circuit Breaker tax relief ordinance which basically says that if your, it caps your tax at two percent of your adjusted gross income. So when we pass a tax, establish a new tax. . .it's always important for us to go back and, and remind people that if you *are* hurt by this to the point where you, you don't feel you can afford it, you have the option of going and applying for the Circuit Breaker. So, thank you for mentioning that.

MR. NAHIGIAN: Thank you.

CHAIR PONTANILLA: Thank you. And Members and audience, we do have frequently asked questions that the Chair is gonna allow staff to pass out so that--

VICE-CHAIR HOKAMA: . . .*(inaudible)*. . .

CHAIR PONTANILLA: --you know all of you would kind of understand what we're trying to do here this evening. The. . .next testifier. . .to provide public testimony is Stephen West. Steve?

NOTE: Pause while Mr. West approached the mic.

UNIDENTIFIED SPEAKER: . . . Thank you.

MR. WEST: Aloha, Council members. Stephen West from the ILWU. I'm here to testify on behalf of our members. . .in support of this bill. You know, back many, many years ago, we had lots and lots of ag. . .ag land. And we've seen some of that ag land go to gentlemen farmers and people that really aren't farming and are, you know, reaping the benefit, really of. . .of the land so, that was meant, really, for agriculture. So I'm gonna keep it short and sweet. I just wanna support the bill that was submitted by Mr. White. And. . .you know, would really, you know, highly recommend that there, yes, there are checks and balances in the bill and. . .that we have staff to execute enforcement of this. And I think that's the other part of it that's gonna be kind of hard for the Council to. . .to do. But I think working with the Mayor, hopefully we can attain that goal. Thank you.

CHAIR PONTANILLA: Thank you, Mr. West. Members, any questions for Mr. West? Mr. Couch?

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COUNCILMEMBER COUCH: Thank you, Mr. West. Uh. . .along with the, the things we talked with Mr. Reilly about, coming over here somebody talked about well, I'm on you know four or five acres and I have ag valuation 'cause I have two horses. Is that considered. . .in your--and again, I'm trying to just get everybody's, as many people's opinion as I can--is that considered true farming? You talked about "really aren't farming"--

MR. WEST: You know, that's--

COUNCILMEMBER COUCH: --is that--

MR. WEST: To me, that's really not. Um. . .ag land, you know, is to produce agriculture, food that's sustainable to our community. So hopefully. . .you know we can incentivize you know people to. . .to go out there and grow vegetables and so we don't have to import our fruits and vegetables here in Hawaii. And I, I just don't see that. You know, again, you know you just drive to Lahaina and look up the hill there and you see a lot of what was producing decent paying jobs and agriculture for the island. And it, it's just not anymore. So. . .and, and there *are*, the thing is there *are* those that are doing it. And we applaud that. You know I think that was the intent of you know creating and subdividing those properties--so people could produce, even for themselves or for their families or whatnot. So two horses? I, I have hard time swallowing that one. But--

COUNCILMEMBER COUCH: Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for Mr. West? Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. Thank you, Steve, for being here tonight. You know the kind of things that we're wrestling with are--none of us want to hurt ag. You know we, we all have the mantra of we wanna help ag, we wanna help farmers. Our problem is in, you know, this *definition* of ag. It's a real bear. Obvious, has been going on for years and years and years trying to define ag and who and what deserves the incentives. What has happened, as you know, that the current vogue is sustainability. And do *those* kind of folks deserve any of breaks or should we be looking at commercial, large ag and giving *them* the breaks? That, that's the, the really a tough situation. We'd appreciate any comments you might have.

MR. WEST: Yeah, well. . .you know of course we, we. . .have 800 members with HC&S, and you know we definitely want to keep them in business because if HC&S were to go out of business. . .you know we'd turn into a dust bowl on Maui. And again, we, we *want* to see those people that *really* are gonna farm to farm. I grew up on a farm. You know, detassel corn 'til dark. And. . .you know coming from Iowa, initially, you know to see these small, well, two-acre lots with someone just growing a little bit of food, it's hard to swallow. And you know talking to some of our old timers, it's hard for them to. . .to swallow because they saw the jobs go away and that land be turned into something really for. . .I don't wanna say "profit", but you know we,

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we wanna keep ag ag. . .truly ag. And I think there, there needs--you know and I think Mike's taking the right step as, you know, putting in some checks and balances there. Again, I think the hard part is, is gonna be the enforcement of it. But in no way do we want to *hurt*. . .somebody by this. But the bottom line is they're gonna, their pocketbook is gonna feel it if it does get passed. And. . .you know. . .alls I can say is you know if you're gonna, if you buy ag land. . .grow something on it. I mean, I live in Wailuku and I grow all kinds of herbs and stuff and you know. . .I use the land that I have.

COUNCILMEMBER BAISA: You, you feel that that's ag? Do you think you deserve an incentive? See, that's the problem--we all agree we want ag. We all think people should be growing on ag. But it's this idea of I have a two-acre lot and I have a half-acre backyard farm and I grow a lot of stuff, I take it to the farmer's market, I share it with my friends and family.

. . . Where is that line? It's so hard to draw that line. Or do we come up with a dollar amount? And we are listening to the farmers and we had a interesting meeting the other night with a grand, with a group of ranchers. And they are saying we don't wanna see a dollar amount because sometimes we barely make any money, even though we work really hard. So it's really *tough* situation. And I think I agree with you that it's going to take inspectors who *know* ag to go out and make sure that people that deserve, that gets benefits deserve them. That's been the problem all along--is that many of us feel that people are getting the benefit that shouldn't have it--

MR. WEST: Right.

COUNCILMEMBER BAISA: --with the two horses and the six proteas. We know about that.

MR. WEST: Yeah.

COUNCILMEMBER BAISA: Yeah. But thank you very much for your insights.

MR. WEST: Thank you for the opportunity to speak.

CHAIR PONTANILLA: Thank you. Thank you, Steve. The next testifier is. . .Joseph Felipe.

NOTE: Pause while Mr. Felipe approached the mic.

MR. FELIPE: . . . Name is Joseph Felipe, I'm a old-time resident of Lanai. I'm also testifying for, as Unit Chairman of the ILWU. . .hotel section. Yeah.

. . . Actually I grew up a whole lot on Maui and lived on the outskirts of Wailuku, upper Waiehu. Did a lot of farming--taro patch, banana. . .every type of Filipino vegetables. We were fortunate, we had a stream that came down from Iao Valley. And that's how we made our livelihood. Family name was Cerizo. I'm sure a lot of you know the Cerizo name. And every weekend we brought our produce to all the. . .camps to sell to the. . .hardworking people. And back then. . .I think the laws didn't restrict you. If you can cockroach and use other lands besides your

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boundary, we would try. But. . .I'm not sure what the. . .minimum acreage would be. . .would be to be considered. . .what do you call, small farm. . .farm. But definitely in order to benefit by the law that Mr. White has introduced, you must do some form of farming. Farming means . . .*(laughter)*. . .growing some kind of vegetables. I. . .I'm against. . .well, you know, animal raising--if you raise chickens, ducks, goats, those type of animals for, for consumption or sales, then you know, yes, I believe that would be considered farming. But to raise just a couple horses on a two-acre farm. . .land and say farming, then I think that. . .definitely would. . .put a strain on the bill that we are trying to pass that will definitely, hopefully benefit all of those who are sincere in farming. Yeah. We hope that the bill will also, you know, influence and benefit the residents of Lanai. Lanai Company and Castle and Cooke have introduced plans to lease lands. . .which hopefully people will be able to. . .again farm. And. . .I, I think that is something that we're looking at in the future. A bill like this will help along so that the cost will be. . .not geared to. . .really tax the farmer out of his profits, but to you know encourage people to get into farming. Thank you.

CHAIR PONTANILLA: Thanks. Thank you, Mr. Felipe. Members, any questions for Mr. Felipe at this time? Member Couch?

COUNCILMEMBER COUCH: Thank you. Thank you, Mr. Felipe. We're gonna peel this on you in a little bit more . . .*(laughter)*. . . So we have the horses. Now it's somebody who gives riding lessons or takes people out for a ride, and a stable. Is that now considered ag or is that still. . .kinda on the other side?

MR. FELIPE: Again, you know, if you're talking of *farming* and ag . . .*(laughter)*. . . I mentioned other types of animals--the you know, chickens, ducks, goats. But *horses* are not raised to be consumed . . .*(laughter)*. . . And I think that's, that would be a key . . .*(laughter)*. . . yeah . . .*(laughter)*. . . So you know, I'm not sure. . .yeah. . .that, that needs a lot of, more input as far as horses.

COUNCILMEMBER COUCH: Thank you. And again, therein lies our problem. So thank you very much for your input.

CHAIR PONTANILLA: Thank you. Mr. White?

COUNCILMEMBER WHITE: Yeah, I, I'd just like to clarify that this bill deals only with the, the homesite. There's another bill that's not under consideration at this time to require *dedication* of agricultural lands. That will get, that will necessitate us defining what agriculture is. And to Archie's point--that if you have. . .if you have a house and a farm, those are treated separately. We have farmers that live in one place and farm lands elsewhere.

MR. FELIPE: Uh-huh.

COUNCILMEMBER WHITE: So right now they're paying for their house over here and they're getting a break on the ag lands. But they're not getting the break on the residential lands. So is

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it right for us to say if you are *lucky* enough to have your farm right out your front door or back door, then you get to have all the breaks apply because you, you've got them together? So two issues. The only issue we're dealing with tonight is the valuation of the homesite. And that will have, that will result in some farmers and ranchers having an increase. And the Tax Department has estimated the average increase is likely to be in the neighborhood of 270 dollars a month--

COUNCILMEMBER COUCH: Monthly?

COUNCILMEMBER WHITE: I'm sorry, a year. Thank you. Thank you . . . *(laughter)* . . .

COUNCIL MEMBERS: . . . *(inaudible)* . . .

CHAIR PONTANILLA: . . . *(laughter)* . . .

COUNCILMEMBER WHITE: And . . . anyway, I just wanted to point that out. Thank you.

CHAIR PONTANILLA: Thank you, Mr. White. And, again, Members, if you can . . . refrain from straying from the agenda'd item?

. . . Mr. Felipe was the last testifier this evening. If there--oh, that signed up. Is there anyone here tonight that would like to provide public testimony that hasn't signed up yet? Please come forward.

NOTE: Silence.

CHAIR PONTANILLA: . . . Seeing none coming up . . . the Chair would like to thank the people of Lanai for coming out this evening to provide us with your public testimony in regards to the disparity of real property assessments for agricultural versus nonagricultural lands that is being proposed by the Budget and Finance Committee this evening.

...END OF PUBLIC TESTIMONY...

CHAIR PONTANILLA: So with that, Members . . . the meeting of January 13th, Budget and Finance Committee meeting on Lanai is now adjourned . . . *(gavel)* . . .

ADJOURN: 6:42 p.m.

APPROVED:


JOSEPH PONTANILLA, Chair
Budget and Finance Committee

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Transcribed by: Camille Sakamoto