

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

January 24, 2012

Helene Social Hall, Hana

CONVENE: 6:00 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember Gladys C. Baisa, Member
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

STAFF: Scott Kaneshina, Legislative Analyst
Camille Sakamoto, Committee Secretary
Dawn Lono, Council Aide, Hana Council Office
Morris Haole, Executive Assistant to Councilmember Robert Carroll

ADMIN.: Scott K. Teruya, Administrator, Real Property Tax Division, Department of Finance
Scott K. Hanano, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: Meiling Akuna
Andrew Rayner
Chuck Thorne
Geraldine Carroll
Sherman Baisa
Three (3) additional unidentified attendees

PRESS: ?

ITEM BF-70: DISPARITY OF REAL PROPERTY ASSESSMENTS FOR AGRICULTURAL VERSUS NON-AGRICULTURAL LANDS (CC 11-227)

CHAIR PONTANILLA: ...*(gavel)*... The Budget and Finance Committee meeting for January 24th, 2012 at Helene Hall is now in session. The time is 6 p.m. At this time, the

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Chairman would like to introduce the Members that are here this evening. To my far right. . .we do have the Council member from Hana. . .Mr. Robert Carroll--

AUDIENCE: . . .*(applause)*. . .

CHAIR PONTANILLA: Next to Mr. Carroll is the representative from West Maui, Elle Cochran.

AUDIENCE: . . .*(applause)*. . .

CHAIR PONTANILLA: And from South Maui, we do have Don. . .Donald Couch.

AUDIENCE: . . .*(applause)*. . .

CHAIR PONTANILLA: And to my right. . .we do have Member from Upcountry, Gladys Baisa.

AUDIENCE: . . .*(applause)*. . .

CHAIR PONTANILLA: We do have. . .Member Michael Victorino.

AUDIENCE: . . .*(applause)*. . .

COUNCILMEMBER VICTORINO: Aloha.

CHAIR PONTANILLA: Member Michael White from Makawao-Kula--

AUDIENCE: . . .*(applause)*. . .

CHAIR PONTANILLA: --Makawao-Paia.

CHAIR PONTANILLA: Oh, Mr. Victorino represents Wailuku. And from the island of Molokai, we do have the Council Chairman, Mr. Danny Mateo.

AUDIENCE: . . .*(applause)*. . .

CHAIR PONTANILLA: My name is Joe Pontanilla, I'm the. . .Committee Chairman. I represent Kahului. Uh--

AUDIENCE: . . .*(applause)*. . .

CHAIR PONTANILLA: Thank you. We don't receive many applause, and we're so grateful . . .*(laughter)*. . .

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UNIDENTIFIED SPEAKER, FROM THE AUDIENCE: Awe.

COUNCILMEMBER VICTORINO: Usually we get other things . . . *(inaudible)* . . .

CHAIR PONTANILLA: Okay, from the Administration. . .we do have Scott Hanano. And Scott is from the Corporation Counsel, he's a Deputy.

AUDIENCE: . . . *(applause)* . . .

CHAIR PONTANILLA: And in, in the back by the door is our Real Property Tax Administrator, Scott Teruya.

AUDIENCE: . . . *(applause)* . . .

CHAIR PONTANILLA: And supporting the Committee this evening is Scott Kaneshina--

AUDIENCE: . . . *(applause)* . . .

CHAIR PONTANILLA: --and also Camille Sakamoto.

AUDIENCE: . . . *(applause)* . . .

CHAIR PONTANILLA: . . . This evening, the Committee is accepting public testimony on BF-13 [*sic*], Disparity of Real Property Tax 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, relating to the tax assessment of homesites on parcels receiving agricultural use assessments. Before we start, though, I'd just like to provide you with some information. . .regarding some talking points on the homesites. The purpose of this legislation is to bring fairness to the valuation and taxation of homesites. We currently have a situation where all Maui County residents living in residential areas pay on the full market value of their parcel. Whereas, the valuation of home on. . .of homesites on agricultural assessed lands decrease as the size of the property owned increases. For example, in value. . .valuing a homesite at market value, this does not mean that the people in Hana or Upcountry will be paying on the same value per square foot, comparable to homeowners in Wailuku or Kahului. Land values in rural areas are typically lower than urban areas. And this bill simply asks for homeowners to pay on a value appropriate to their area. Those who have large yards or ornamental trees as. . .are currently claiming their land as being agricultural use, which allows them to receive large tax subsidy. Under this legislation, a homesite will be defined as those portions of the parcel excluding (a) the portion in agricultural use, and (b) the portion that consists of unusable or unsuitable land for agricultural use. This will help to deter and eliminate gentleman farmers. Some farmers and ranchers do not live. . .where they work. These individuals are already paying residential values. The Real Property Tax Division has calculated that by valuing a homesite at market value, a typical increase in a tax bill will only be 270 dollars. This bill does not impact the homeowners [*sic*] exemption. Those who are receiving the 200,000 dollar exemption will

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continue to receive this, along with the Homeowners' rate of 2.5 percent applying to ag lands, which typically are assessed at 5.8 percent. Only the homesite legislation is being considered at this time. The agricultural dedication and the definition of agriculture will be considered in a future meeting. Although projections show that any tax increases under the proposed bill will be minimal, homeowners can all, can apply for the Circuit Breaker credit, pursuant to Maui County Code, 3.48.780. Upon proper application and proof, a homeowner is entitled to a credit in the amount that the real property tax assessed on the homeowner property exceeds 2 percent of household income.

. . . Before we start with public testimony, if everyone of us could turn off our cell phones or put it on the silent mode?

. . . You will be provided a total of three minutes to testify. When you, when your name is called, please come forward, talk directly into the mic. . . provide us with your name and the organization that you represent. Be sure to speak directly, again, into the mic. Upon completion of your testimony, the Members of the Committee may have questions, therefore, please remain for a few moments. With all that being said, we'll just go ahead and. . . call up the first testifier at this time. Meiling Akuna?

. . .BEGIN PUBLIC TESTIMONY. . .

MS. AKUNA, FROM THE AUDIENCE: . . .*(inaudible)*. . .

CHAIR PONTANILLA: Right here on the chair.

NOTE: Pause while Ms. Akuna approached the mic.

MS. AKUNA: Aloha . . .*(inaudible)*. . .

NOTE: Pause while the Hana Council Aide assisted Ms. Akuna with the mic.

MS. LONO: . . . There you go.

MS. AKUNA: Oh, okay. Again, my name is Meiling Akuna. And I'm from Keanae. I came here to this meeting because I'm very, very **concerned**. . .with the unfair burden of my property taxes in Keanae. Now I did not, I did not read anything here about the agricultural. . .homesites, et cetera, that you have just read. I'm not familiar with that. But I had prepared myself to come here tonight to kind of, well, to **protest**. . .my property taxes in Keanae. I am a class of real property owners who pay property taxes. I am a fee-simple property owner, a homestead property owner, and private property lessee. All of these properties are located in Wailua valley in Keanae. I am a senior citizen and I survive on a **very, very fixed** income. However, every year I see my property taxes rise. I'm here to protest that Maui County **discriminates** against real property owners in **Keanae**. Also, there are no County services and social programs provided for us in Keanae. And if such services are offered, we have to go to Hana--here in Hana--or to the other side. We don't even have a school anymore in Keanae. I have two

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neighbors who pay property taxes like me. And they go down to the Keanae peninsula and scratch out a living selling coconut candy and homemade jewelry to the . . .to the tourists. They are located on County property there at the peninsula. And every time they go down to the peninsula, they get warned by the County employees to get off the property because it is County property. We feel that if there's any benefit the County should give us in Keanae for not offering us any other services, at least that little area there for us to sell our . . .homemade jewelry, coconut candies, et cetera. But no, they, they complain, they tell us this is County property, if you guys don't get off the property we are going to cite you. Okay, I don't understand why not. Why can't this area be available to us? We need real property tax relief in Keanae. I'm not talking about homeowners [*sic*] exemption. I don't even have one. Out of the three properties I have, only *one* has a house on it. And a family member lives in that house. So that family member is the one who qualifies for that homeowners [*sic*] exemption. And it's a laugh because that family members play, pays *pennies* for, in property taxes because of a small interest.

MR. KANESHINA: Three minutes.

MS. AKUNA: And *I'm* the one who pays the biggest. . .taxes on the property. Well, I believe that homeowners [*sic*] exemption is an unfair practice, and it *sucks*. It sucks. And it should be repealed. Maui County Council should look into this instead of offering it. Because here's why--I am in a class of those who pay for services through our, paying our property taxes. We don't *receive*. . .through another class of property owners who receive the services be, through homeowners [*sic*] exemption and enjoy these services, yet they pay *nothing* for those services because of their homeowners [*sic*] exemption relief. I *suggest* that the Maui County Council look into the . . .reforming the Maui County tax. . .prop, real property tax.

MR. KANESHINA: Four minutes.

MS. AKUNA: I would like to see that, if nothing be done, then I would like to see this *unfair* tax practice in Maui County be *challenged* in the courts of law. *Really*. And I would be one of, one to do that because I, I'm paying very, very high property taxes.

. . . I don't think that homeowners [*sic*] exemption--

CHAIR PONTANILLA: Uh, Meiling, can you conclude, please?

MS. AKUNA: Pardon me?

CHAIR PONTANILLA: Can you conclude your testimony?

MS. AKUNA: Oh, yeah. In conclusion, I hope that the Maui County Council will not. . .will try to repeal the homeowners [*sic*] exemption and do away with it. I think everybody should pay their fair taxes. You own real property? You pay taxes on it. Mahalo.

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

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. . . Seeing none, thank you, again, Meiling.

MS. AKUNA: Okay.

CHAIR PONTANILLA: The next testifier signed up for public testimony is Andrew Rayner.

NOTE: Pause while Mr. Rayner approached the mic.

MR. RAYNER: . . . Thank you, gentlemen, very much for being here. I have considerable experience with taxation, particularly in England, on both sides of the table. I've yet to hear of a tax proposal which wasn't labeled fair. I think where the jury is still out here, we need to know more about it. Mr. Chairman, I've given you advance notice of the question. . .which I will put to you, if I may. Just before that, you said the average tax increase would be a particular figure. Can you tell me what type of property that applies to, of what value?

CHAIR PONTANILLA: Mr. Rayner, if you want to find out about your property tax, we do have the Tax Administrator sitting right there, that could provide you that piece of information this evening.

MR. RAYNER: This is, this is to establish. . .broadly across Hana, which is largely agricultural, exactly. . .what the proposals will mean--not to me, but to people with agricultural properties. The question is this--a ten-acre parcel on agricultural zoned land is assessed as follows: three acres working flower farm; one acre newly planted fruit which will not be productive for some years; one acre not yet cleared but to be planted fruit; two acres unused but usable land unsuited for flowers or any other crop judged commercially viable in view of our high cost of transportation which you'll be aware of; 1½ acres unusable; half an acre. . .a farm dwelling and a yard; half an acre a home and a yard; and half an acre access. Is it possible to tell me how the proposals apply to each section of that property and compare it with the existing tax basis?

CHAIR PONTANILLA: Again, we do have the Real Property Tax Coordinator [*sic*] over here. He probably can provide you that piece of information to exactly what you have here--on the ten questions that you are asking. Mr. Rayner, we, we're here this evening to take in public testimony. But if you do have a *personal* question, then we brought with us the Real Property Tax Administrator to provide you any information in regards to *your* property tax.

MR. RAYNER: No, I understand that, Mr. Chairman. To . . .give testimony personally, I need to know more about the proposals, which is the basis of my question. Could I ask for a written answer to my question in due course by e-mail, perhaps? Could, could I ask for a written answer to that question in due course?

CHAIR PONTANILLA: I can consider that.

MR. RAYNER: Thank you.

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CHAIR PONTANILLA: Okay.

MR. RAYNER: Thank you, Mr. Chairman.

CHAIR PONTANILLA: Members, any questions for Mr. Rayner at this time?

. . . Seeing none, thank you, again.

NOTE: Pause.

CHAIR PONTANILLA: . . . The next testifier this evening is Chuck Thorne.

NOTE: Pause while Mr. Thorne approached the mic.

MR. THORNE: . . . Hi. Uh. . .is this working?

. . . Okay. I think that I, I don't understand all this too much. There. . .you're talking about an increase of 270 dollars per year, on the average; and Andrew wondered what, you know, what size lot that would pertain to. I think what's, what's painful for all of us is that. . .this year they, they greatly increased our, our taxes for our *vehicles* from. . .every car you had went from 130 up to 230. And we're not sure why or we're not sure what that goes for. They keep talking about raising the excise tax, and somehow they seem to be holding that off right now.

. . . Now, but the, the most unfair of all is, is the property tax. Because I, I'm 60 years old and close to retirement. And I, I talked to Wes Yoshioka about this awhile back. And I say, you know, a lot of us you know our income has gone down since 2008. And our income goes down, but at least then some of our taxes may go down because our income is down, but the property tax keeps going up. And, and Wes said. . .to me, says, well, if you don't like it, Chuck, he said. . .well, you can always sell and move away. You know, and that's, that's your answer. . .someone will buy that property who can pay the tax. But as you keep turning up the heat on, on each level for us--and, and we're all either on, on a fixed income or a less income from our jobs each year. And everywhere we turn is, is an increase for our cars or an increase for registration or an increase for, for the, for the property tax. The property tax is the hardest one because if you finally retire and you're making *way* less money and they can keep raising that on you, well, where are we supposed to get that from? You know, when we have, we take it away from our food budget? I, I know we're all trying to grow things on our farm land, but mine is pretty much rock and, and I, I grow things wherever there's a pocket of soil, I try to grow something. But I, and I, I make about three or four hundred dollars a month on my agricultural, but. . .that's not *much*. You know? And. . .it's, it's the continually ratcheting up where in the whole world right now they're, they're, everybody is having problems. And. . .they're, they're looking for ways to reduce government and to *lower* our taxes. And we, we'd like to see you guys come before us someday and say we actually are, are *lowering* your taxes. Because we. . .you know we know that you know I, I work every day and I've never got a paid holiday yet because I've been self-employed all my life. But all the money I'm pay, sending in to the government. . .and they get 15-paid holidays per year, and they get two weeks off with pay and

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sick days. When I'm sick, I don't get paid. And when, at Christmas day, if I don't work, I don't get paid. But my money is going to people that then get paid for *holidays* that I don't even get paid for. And they keep ratcheting up on us, they, turning up the heat. And, and we'd like to see you guys come before us and say we've decided we're gonna cut this or we're gonna cut that and we're gonna *lower* your cost and we're gonna *lower* your bills instead of keep eek-ing them up a little bit, a little bit, a little bit. And I don't know where we're supposed to keep getting it from.

MR. KANESHINA: Three minutes.

MR. THORNE: That, that's all I have to say. Thank you very much.

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

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Thorne...are you, do you have the homeowners [*sic*] exemption?

MR. THORNE: Well, I, I do. You know, I didn't even know about that, no one even told me until last year and I finally found out. And they said it was 300,000; and then I heard now they lowered it to 200,000. So 300,000 sounded pretty good, you know, 'cause that was about what I was worth you know. And now it's 200,000, so I think that's another kind of a way to raise our tax without actually sound, making it sound like we're raising your tax--lowering your exemption is a sneaky way of doing it, I think.

COUNCILMEMBER COUCH: So you, you do have the homeowners [*sic*] exemption?

MR. THORNE: Yes.

COUNCILMEMBER COUCH: Are you aware of our Circuit Breaker?

MR. THORNE: No.

COUNCILMEMBER COUCH: Okay. Please see Mr. Teruya. We have a Circuit Breaker that if you're on a fixed income, you only pay a certain percentage of your income. So it'll lower your taxes *dramatically*.

MR. THORNE: . . . Thank you.

COUNCILMEMBER COUCH: You're welcome.

MR. THORNE: I'll look into that.

CHAIR PONTANILLA: Any more questions, Members?

. . . Seeing none, thank you, again.

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. . . Is there anyone that wanna provide public testimony that hasn't. . .signed up. . .at this time?

. . . And, Members, Mr. Chuck Thorne was the last testifier that signed up prior to the meeting.

. . . Seeing none coming up, the . . .

. . . Chair will adjourn this meeting.

. . .END OF PUBLIC TESTIMONY. . .

NOTE: Silence.

CHAIR PONTANILLA: . . . So the meeting of the Budget and Finance Committee for January 24th is now adjourned . . .(gavel). . .

ADJOURN: 6:21 p.m.

APPROVED:



JOSEPH PONTANILLA, Chair
Budget and Finance Committee

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Transcribed by: Camille Sakamoto