

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

June 10, 2014

Council Chamber

CONVENE: 9:04 a.m.

PRESENT: Councilmember Mike White, Chair
Councilmember G. Riki Hokama, Vice-Chair
Councilmember Gladys C. Baisa, Member (Out 11:40 a.m.)
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Donald G. Couch, Jr., Member
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member

EXCUSED: VOTING MEMBERS:
Councilmember Michael P. Victorino, Member

STAFF: Michele Yoshimura, Legislative Analyst
Chancy Hopper, Legislative Analyst
Tammy Frias, Substituting Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Scott Jensen, Legislative Analyst, assisting at Hana Council Office (via telephone conference bridge)

ADMIN.: Sananda Baz, Budget Director, Office of the Mayor
Mark R. Walker, Deputy Director, Department of Finance
Scott Teruya, Administrator, Real Property Tax Division, Department of Finance (BF-74)
Marcy Martin, Real Property Technical Officer, Real Property Tax Division, Department of Finance (BF-74)
Edward S. Kushi, Jr., First Deputy Corporation Counsel, Department of the Corporation Counsel (BF-74)
Gary Y. Murai, Deputy Corporation Counsel, Department of the Corporation Counsel

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

OTHERS: Bruce Erfer (BF-74)
Hortense Joaquin (BF-74)
John Blumer-Buell, Co-Chair, Committee for More Equitable Taxation
("COMET") (BF-74)
Peter Davis, Vice-Chair, Vice-Chair, Government Affairs Committee,
REALTORS® Association of Maui (BF-74)
Daniel Kanahela (BF-74)
Tom Croly (BF-74)
Rosemary Robbins (BF-74)
Additional attendees (7)

PRESS: *Akaku--Maui County Community Television, Inc.*
Melissa Tanji, The Maui News

CHAIR WHITE: ...(*gavel*)... Good morning. This meeting of the Budget and Finance Committee will come to order. And before we begin I'd like to ask everyone in the Chamber to please turn off or silence your cell phones and other noise-making devices. And I would like to start by recognizing Council Chair Gladys Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR WHITE: Good morning. And Council Vice-Chair Bob Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR WHITE: Aloha, and welcome back.

COUNCILMEMBER CARROLL: Thank you, Chair.

CHAIR WHITE: Nice to have you here. And Committee Vice-Chair Riki Hokama.

VICE-CHAIR HOKAMA: Mr. Chairman.

CHAIR WHITE: Good morning. And Member Stacy Crivello.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR WHITE: And Elle Cochran.

COUNCILMEMBER COCHRAN: Aloha. Good morning, Chair.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

CHAIR WHITE: Aloha. Don Couch.

COUNCILMEMBER COUCH: Aloha, and good morning, Chair.

CHAIR WHITE: Aloha. And Don Guzman.

COUNCILMEMBER GUZMAN: Good morning, Chair.

CHAIR WHITE: Good morning. Joining us this or helping us this morning is our Committee Secretary Tammy Frias and Legislative Analysts Michele Yoshimura and Chancy Hopper. And joining us today first time in a long time is Mr. Kushi replacing our usual Deputy Corporation Counsel Jeff Ueoka. And also joining us is Sandy Baz the Budget Director.

MR. BAZ: Aloha.

CHAIR WHITE: So with that, Members, we'll move into public testimony. And our first testifier this morning in the Chambers is Bruce Erfer, and he will be followed by Hortense Joaquin.

...BEGIN PUBLIC TESTIMONY...

MR. ERFER: Good morning, Council folks.

CHAIR WHITE: Good morning.

MR. ERFER: I'm testifying on my own but I do want to make it known that I'm in my eighth year on the Property Tax Board of Review as most of you know.

CHAIR WHITE: And we thank you for your service.

MR. ERFER: You're welcome. I wasn't asking for that. But I want to say that I'm in general agreement with the amendments to the Circuit Breaker as proposed by Councilman Guzman. His amendment should be enacted; however, now or in the future, the \$100,000 limit on income and the \$400,000 limit on building value must be changed so that those limitations are graduated or shown at a sliding scale. This is necessary so that the next dollar earned, in other words if a person has \$100,001 of income or a building value only slightly above the \$400,000 limit would not entirely eliminate the applicant from some benefit of the Circuit Breaker. Accountants refer to existing limitations as cliffs and should not be present in any tax legislation. Furthermore, these limitations should be tied for the future to inflationary indices. For example, for the income it should be tied to CPI

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

and for the building value to some type of real property values within Maui County. This will enable them to increase or decrease as is appropriate without future legislation. I strongly agree that the five consecutive year requirement for home exemption should be changed to five of the prior six years, and this is extremely important if the five-year policy is indeed necessary. This change would allow several deserving persons access to the Circuit Breaker who may have messed up for one year through various reasons and then have to wait another five years under the current ordinance. I very strongly agree with an attempt to use all income as a criteria rather than just AGI, I've said this for years. Currently we ignore the income that is tax-free income. Tax-free income is ideal income and more valuable than income that's taxable to the individual, and not using tax-free income to determine how much a person has to spend on property taxes makes no sense at all. So I strongly agree, use all income. I also strongly agree that the multiple ownership issue should be totally eliminated. If there were no rental income from these other properties do we really care if they're on title? Rental income should be present on the Federal tax return, and the physical address of the property is also on the Federal tax return. Perhaps a better restriction might be to eliminate owners who indicate rental income from another property even though I don't agree with that but I don't understand why just owning another property is an issue.

MS. HOPPER: Three minutes.

MR. ERFER: Income is the issue. I would like to see the 2 percent limitation or 2 percent of Circuit Breaker tax on the first \$100,000 of income plus 10 percent of any amount between 100,000 and 125,000. While this is not a true graduated approach it alleviates the \$100,000 cliff where an owner making \$100,000 is eligible for the Circuit Breaker but his neighbor who makes one penny more is not eligible. So I'm saying add 10 percent, 2 percent on the first 100,000, 10 percent on the next 25,000. It's easy. Regarding the 400,000 limitation on the building value, perhaps limiting the awarded Circuit Breaker subsidy to 90 percent if the value were \$10,000 more, 80 percent if it was 20,000, et cetera, et cetera. Continuing the sliding scale would award only 10 percent of the Circuit Breaker subsidy if the building value fell between 480 and 490, and eliminates any subsidy if the value were more than 490.

MS. HOPPER: Four minutes.

MR. ERFER: Note that this scale could start at 350,000 and end at 440,000 or you can pick any numbers.

CHAIR WHITE: You've got lots of great information in here --

MR. ERFER: I know it's in writing.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

CHAIR WHITE: --but I do need to ask you to give us --

MR. ERFER: Okay. Real, real quick.

CHAIR WHITE: --some . . .(*inaudible*) . . .

MR. ERFER: Just one issue.

CHAIR WHITE: But I do encourage the Members...

MR. ERFER: In the statistics that I was able to go through I note that there's only one Circuit Breaker approval on Lanai and only two on Molokai. I sincerely hope this is due to individual assessment values and property taxes being so low that there is no advantage to acquiring a Circuit Breaker Credit; however, my gut tells me that this is probably not so and that many owners on these islands simply don't bother to apply, so an issue. But yes, please read my full testimony, and I appreciate the opportunity to be here. Thank you.

CHAIR WHITE: Thank you very much, Mr. Erfer. Before you leave anybody have any questions for Mr. Erfer? Thank you. Your testimony is very thorough and very good. Thank you. Our next testifier is Hortense Joaquin, followed by John Blumer-Buell.

MS. JOAQUIN: Good morning, Council people. I was here in April and I did give a testimony on the Circuit Breaker and I'm back again. I have a two-acre Agricultural parcel in Makawao and I deeded half interest to my son and daughter-in-law and I have deeded half interest. I was denied the Circuit Breaker Tax Credit because I'm on a limited income but they are not, so I'm just asking I think if their...pay their portion of the tax which was estimated last year of \$810 and I qualify for my portion of the Circuit Breaker 'cause we, I live in a cottage, they live in the big house. So that's all I'm asking for a simple solution equally for the County and for me. Thank you.

CHAIR WHITE: So you've not subdivided the lot so they don't own...

MS. JOAQUIN: We can't because Agricultural is minimum two acres.

CHAIR WHITE: Right.

MS. JOAQUIN: Otherwise I would have done it.

CHAIR WHITE: Thank you.

MS. JOAQUIN: Thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

CHAIR WHITE: Members, questions for Mrs. Joaquin? Okay, thank you very much for your testimony.

MS. JOAQUIN: You're welcome.

CHAIR WHITE: Thanks for coming this morning. Okay, our next testifier is John Blumer-Buell followed by Peter Davis.

MR. BLUMER-BUELL: Aloha, Chair White --

CHAIR WHITE: Aloha.

MR. BLUMER-BUELL: --and Council members. And a special welcome back to Bob Carroll. Bill Tavares can't be here today, the other co-chair of COMET but he sends his aloha and special greetings to Bob. Today COMET makes the same recommendation it made on November 5, 2013. COMET requests the County Council to repeal the "guttled" Circuit Breaker legislation and legislatively reinstate the previous law. Recently, COMET again, concluded it is preferable to help deserving residents and suffer some unintended beneficiaries for one more year rather than eliminate potentially hundreds of deserving retirees, residents with low incomes and longtime multigenerational families who are financially and emotionally suffering because of the recently revised Circuit Breaker legislation, the current unfair market value assessment system, and difficult economic times. And Bill and I ask ourselves what has been missing from the Circuit Breaker discussion? COMET concludes it is the issue and failure to apply: 1) "Focus Maui Nui Values", 2) The "Precautionary Principle" of "Do No Harm", and 3) "Public Sentiment" as shown in Budget and Finance Chair White's recommended budget. That is, "Don't Increase Taxes". The cutting of \$703,505, 54 percent of the Circuit Breaker Tax Credits is a potentially crippling tax increase for hundreds of property tax payers. COMET appreciates that Council members Guzman, Victorino, and White have introduced bills to help address part of the flawed legislation; however, all of the previously "guttled" issues need to be revisited in a timely manner. And I want to say that both Bill Tavares and I appreciate Bruce Erfer's testimony and what he has contributed in the past. You know we think he is a great resource for this Committee. We agree with Mr. Guzman's bill. It's a partial solution, we're trying to solve the big picture. So people have asked what are Focus Maui Nui values? Well here's what it is: "To accomplish our vision our islands must foster and respect the spirit of aloha, consider the generations of Maui nui yet-to-be and be true to our core values." This was the first thing we got, I got as a GPAC member was the Focus Maui Nui values, a big piece of work, great piece of work by early 2000 people on our islands. The rest of it says here's our values, stewardship and natural... "stewardship of natural and cultural resources, compassion and understanding, respect for diversity, engagement and empowerment of local people,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

honoring cultural traditions and history, consideration of the needs of future generations, commitment to local self-sufficiency, wisdom and balance in decision making, thoughtful, island-appropriate innovation”.

MS. HOPPER: Three minutes.

MR. BLUMER-BUELL: Thank you. Does gutting the Circuit Breaker show “compassion and understanding”? No. Does gutting the Circuit Breaker show “engagement and empowerment of local people”? No. Does gutting the Circuit Breaker show “consideration of the needs of future generations”? No. Does gutting the Circuit Breaker demonstrate “commitment to local self-sufficiency”? No. Does gutting the Circuit Breaker express “wisdom and balance in decision making”? No. Does gutting the Circuit Breaker show “thoughtful, island-appropriate innovation”? No. Does gutting the Circuit Breaker demonstrate the application of the “precautionary principal of do no harm”? No. Does gutting the Circuit Breaker express the public’s expression of “don’t increase taxes”? The answer to that is no.

MS. HOPPER: Four minutes.

MR. BLUMER-BUELL: Okay. Can I have one more minute, Mr. Chair?

CHAIR WHITE: Not one more minute but you can provide a concluding remark, please.

MR. BLUMER-BUELL: Okay. I would just like to draw your attention to our comment on Page 6, and it’s number two. This is something that COMET would like to see brought into the long-term discussion, we know you can’t do this today. 2) COMET would like to see writing a provision in the County of Maui Tax Code to exclude Native Hawaiians, kanaka maoli properties from County of Maui property taxes. Conditions for qualifying for exclusion would include provisions that the property, ‘aina, could never be sold or become speculative. With the re-emergence of Hawaiian sovereignty, it is quite --

CHAIR WHITE: Mr. Blumer-Buell --

MR. BLUMER-BUELL: --logical that Hawaiian lands...

CHAIR WHITE: --before you go on, I’m going to have to stop you there, you’re getting a little bit off the Circuit Breaker.

MR. BLUMER-BUELL: Okay. Well this is...

CHAIR WHITE: So but we do have that in writing in your testimony.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

MR. BLUMER-BUELL: Certainly.

CHAIR WHITE: So we appreciate that.

MR. BLUMER-BUELL: And the last line is Bill . . . *(inaudible)* . . .

CHAIR WHITE: No, I'm going to have to let you end your comments there.

MR. BLUMER-BUELL: Okay, thank you, Chair White.

CHAIR WHITE: Thank you very much.

MR. BLUMER-BUELL: And thank you, Members.

CHAIR WHITE: Members, questions for Mr. Blumer-Buell? Seeing none, thank you --

MR. BLUMER-BUELL: Okay, mahalo.

CHAIR WHITE: --for coming all the way out from Hana this morning.

MR. BLUMER-BUELL: Yesterday. So I have --

CHAIR WHITE: Yesterday. Well...

MR. BLUMER-BUELL: --my usual unending list, yeah.

CHAIR WHITE: Well thanks --

MR. BLUMER-BUELL: Thanks.

CHAIR WHITE: --thanks for coming today.

MR. BLUMER-BUELL: Sure.

CHAIR WHITE: Our next testifier is Peter Davis followed by Daniel Kanahele.

MR. DAVIS: Aloha.

CHAIR WHITE: Good morning.

MR. DAVIS: I am Peter Davis. I am the vice-chair of the REALTORS® Association of Maui's government affairs committee. I'm here to speak on behalf of BF-74 and in favor of

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

making some significant adjustments to the existing Circuit Breaker law. The REALTORS® Association of Maui understands and appreciates the effort that this Council has made to end the use and abuse of the Circuit Breaker program by those who don't really need it. We share the feelings of COMET that it's far more important that people who really need this have access to it and more so important than trying to make sure we exclude each and every person who doesn't qualify for it. The fundamental problem we have with the existing Circuit Breaker program is that it's too restrictive. Prior to making the 2013 reforms, it was estimated that approximately 10 percent of those who qualified under the Code really didn't deserve it. After the reform however, roughly two thirds of those who previously qualified no longer qualified. We think this is really creating some significant harm for the residents of Maui. Once again we believe that the current Code relies on too many restrictions. We would humbly suggest a very simplistic approach that we think would largely solve the problem of people abusing the system. We would suggest that the Council scrap the majority of the restrictive criteria currently in place and leave only one. That restriction would be simply the value of the home. If the Council is aimed at deterring millionaires from using this program then that single change should do the trick. Why? To put it bluntly, millionaires don't live in shacks. If you stop and think about it, of the people who you really got the most upset about abusing this system under the original bill, it was the rich people living in fancy, fancy houses who because they could adjust their personal finances to pay no income tax got the break when they didn't deserve it. Millionaires don't live in shacks. If you focus on the house, not the land but just the value of the structure on the property we think that would probably solve the problem. We would recommend increasing the current threshold from the current 400,000 to \$800,000, and we would recommend one other change and that is redefining household income to include only the people who are living on the property. So many of the people who lost their qualifications for this tax break lost it because there were other people on title and they had to include their incomes. So many of these were children and while the parents are living there on Social Security with very little income, the children who are on the title with them are in their peak earning years earning way more than the parents and that just ended up in kind of a disaster situation of taking this break away from people who, a lot of people who actually needed it. So once again we would suggest the Council consider a very simplistic, easy-to-enforce approach by looking only to one criteria, the value of the structure. Millionaires don't live in shacks. We think this would be a very logical, simple way to go forward that could be very useful and get a lot of benefit for the people who need it as opposed to letting people who don't deserve it have it. While we appreciate the fiscal frugality in our elected officials, in this case we believe compassion is in order. It's better to err on the side of giving the break to too many people than it is to go overboard trying to keep a few off the list who don't deserve it. Thank you.

CHAIR WHITE: Thank you, Mr. Davis. Members, questions of the testifier? Mr. Guzman.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

COUNCILMEMBER GUZMAN: Thank you, Chair. Thank you, Mr. Davis, for coming this morning and giving your thoughts. When you say value are you talking about the tax value or are you talking the market value? And would you...I have one more follow-up after that.

MR. DAVIS: Yeah. Our approach would be to look at the assessed value of the structure because the assessor does value separately the structure as well as the land, and we think that someone living in a reasonably modest home but who happens to have a lot of valuable dirt shouldn't be disqualified if their income would otherwise qualify them.

COUNCILMEMBER GUZMAN: Mr. Davis, you would agree that the Circuit Breaker was intentionally created or drafted to help those that could not afford or be taxed out of their residence or homes, that's correct?

MR. DAVIS: Yes.

COUNCILMEMBER GUZMAN: Okay. You would also agree that a millionaire could afford to buy a house that would be 300,000 in assessed value and live on the mainland in a mansion but afford to buy a house here for the tax value or the value of the property for 300,000 or less?

MR. DAVIS: Yes.

COUNCILMEMBER GUZMAN: So he could have multiple homes and still take advantage of the Circuit Breaker.

MR. DAVIS: You know in that circumstance if the person's...if the property did not by its valuation disqualify you from getting the Circuit Breaker benefit then you look to the income tax provision which I assume remains in place in terms of what benefit could be -

COUNCILMEMBER GUZMAN: Yeah.

MR. DAVIS: --available to that person.

COUNCILMEMBER GUZMAN: So what you're saying, Mr. Davis, is that not only would we be looking at the value of the residential home but another criteria which would be income, correct?

MR. DAVIS: Yes. Yes, the income limitation --

COUNCILMEMBER GUZMAN: Thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

MR. DAVIS: --would remain in place. I think I spoke previously to the fact that we'd only want to include the income of the people living in the property.

COUNCILMEMBER GUZMAN: Thank you, Chair.

CHAIR WHITE: Members, other questions for the testifier? Seeing none, thank you very much.

MR. DAVIS: Thank you.

CHAIR WHITE: And our next testifier is Daniel Kanahele followed by Tom Croly.

MR. KANAHELE: My name is Daniel Kanahele. I'm testifying as an individual on the Circuit Breaker. I support the Council members' efforts to amend the Circuit Breaker. Thank you. I personally would like to see the new rules for the Circuit Breaker repealed, go back to the old system. Instead of gutting the old system with these new rules I feel the Council Committee should take a more measured approach that doesn't cause so much disruption and unintended consequences. But at the very least it should amend the Subsections A, C, and F. You know how many bad apples are we talking about? Why upset the whole cart for a few bad apples, right? And in the process of finding those few bad apples, you bruise the good ones. For the current fiscal year, you know, 10,039...1,039 people qualified for the Circuit Breaker, and then for the next fiscal year which begins in July there's 388 people that qualify for the Circuit Breaker. So that's roughly a difference of 60 percent. So have we been successful in weeding out 600 bad apples, you know, from that list of over a thousand last year? Highly unlikely. Who's being hurt the most by these rules? I think the elderly, the kupuna, the long-term residents, and I also think kanaka maoli like myself are being hurt by these changes. The majority of those who benefit from the Circuit Breaker are between the ages of 71 and 80 as of the last fiscal year. This is a vulnerable group because, you know, most of them have fixed income. They're less likely to appeal. They're less likely...this is a group less likely to come out and testify, right? Less likely to complain because like many people they don't feel complaining makes a difference. I happen not to be one of those 'cause I do know that people can make a difference if they speak out. So in my humble opinion I feel that tying the Circuit Breaker to assessed value is wrong, doesn't make sense because assessed value is based on market value and we know market value is capricious. We live in an area where, you know, homes are expensive, among the most expensive nationwide, and I don't think it's a fair system when you tie the eligibility to qualify in the Circuit Breaker Credit to, you know, what your home is worth. You know I'm not a millionaire but I'm a kanaka maoli and I live in a nice house, so should I be disqualified for the Circuit Breaker 'cause I happen to have a nice house? My parents passed it down to me, I inherited it, and others inherit it and there's a lot of people in that

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

situation. So I don't think the Circuit Breaker should be tied to assessed value, I think that's wrong.

MS. HOPPER: Three minutes.

MR. KANAHELE: And...is it three minutes? Okay. And I think five years, you know, five...being on a Homeowner Exemption for five years is way too long. You know what if you inherit a home from your tutu or from your parents and, you know, they rented it out because they needed to pay the expenses on the home like real property tax. So you inherit it, they pass it on, you can move into the house, but the home is an expensive place and so it's hard to come up with that kind of money if, you know, you live in Maui and a lot of the jobs aren't high-paying jobs on Maui. So and then you gotta wait five years, right. Paying those property taxes. So the Circuit Breaker I think is meant for people like that, to help out. So the principle, the precautionary principle I agree with. I agree with John's testimony. I agree with Peter Davis' testimony. And I really think we should take a hard look at this and repeal it and not go forward with it 'cause I think you're going to hurt...not think, I know you're going to hurt a lot of people, you are hurting a lot of people if this thing goes through. So thank you for your time. Mahalo.

CHAIR WHITE: Thank you, Mr. Kanahale. Members, questions for the testifier? Seeing none --

MR. KANAHELE: thank you.

CHAIR WHITE: --appreciate your coming today. And Tom Croly is our next testifier, and he'll be followed by Rosemary Robbins. And following Ms. Robbins we'll go to our District Offices.

MR. CROLY: Aloha, Chair. Aloha, Council. Tom Croly speaking on my own behalf. I was one of the lone voices that came and spoke to you when you were looking at this issue initially and also when it came back to you after the Mayor's veto. And as I was writing my testimony for today I said I better consult the testimony that I gave back then and I realized I'm ready to say the same thing. And the core of my, of what I said before was that the way this policy is implemented is the real crux of it. It has to be implemented and it has to be administrated with compassion. If it's administrated with really hard rules, okay, that's where you really hurt people. I went down to the tax office and I asked the lady at the counter how you apply, and as she started to tell me I could just tell by the tone of her voice that boy she'd been frustrated because she had to tell so many people all these restrictions that they had to comply to in order to apply. And I know the people didn't understand them and such. So the real key that I saw where this failed is that it made the bar for people to jump over too, more difficult than it needed to be. One of the reasons why I think it failed also is that we're trying to make restrictions for the really

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

rich guy here and still make it apply to the less affluent person, and the way to exclude the really rich guy is as Bruce Erfer pointed out is to graduate the amount of benefit. For example, if someone makes less than \$50,000 a year they don't have a lot of extra money for taxes so let's keep that 2 percent there. But in that next graduated \$50,000 they earn, they have a little more money they could pay so let's push it up to 4 percent for that. If they're making \$100,000 a year, the tax bill may still be very high because they may have, you know, a very valuable property, but they have a lot more income at that point that they could apply without it being a problem. So after \$100,000, I suggest it go up to 6 percent. Bruce suggested it went to 10 percent. I don't care what number you pick but you can't keep that benefit way down or the amount they have to pay way down at 2 percent for someone who's making \$100,000 a year. The benefit...the amount they pay should gradually go up. And then I would recommend 10 percent on anything over that next 100,000. So the first two...the first 50,000 2 percent, the second 50,000 4 percent, the next 6 percent. That kind of gets rid of the guy who's got a lot of money and is getting this huge benefit. But the other part of this and it's so important is that it get administrated with passion. When aunty comes in and doesn't know exactly how to comply but we can clearly see that she's the one it was intended for then there should be some discretion given to the director to allow aunty to get that benefit.

MS. HOPPER: Three minutes.

MR. CROLY: At the same time if they want to audit somebody who put in and is getting a \$17,000 reduction as one taxpayer was...one taxpayer was getting \$17,000 a year in tax reduction because of the way the Circuit Breaker was being abused. Then the Administration should be able to audit that very carefully and find a reason to exclude that person. I don't think you treat that millionaire with the same level that you treat aunty who's got, you know, who's has a very small income. So there has to be a little flexibility given to the Director in how this thing gets administrated. I looked up Circuit Breaker in, across the country and a lot of places have it but nobody has it as generous as we do. In some places it's \$100 off your taxes or something like that, and the way it's typically administrated which is kind of interesting is through your state tax return.

MS. HOPPER: Four minutes.

MR. CROLY: You take the deduction on your state tax return because that proves that you're paying tax, you know, locally. I see that I've overrun my time and that's fine. But again, Bruce Erfer gave you some very good things to go by. This graduated thing would address the, those concerns. And I appreciate your time. And also question the Administration on how they will administrate this.

CHAIR WHITE: Thank you, Mr. Croly. Members, questions for the testifier?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

MR. CROLY: Thank you.

CHAIR WHITE: Seeing none, appreciate your coming today. And Rosemary Robbins is our next testifier in the Chambers, and if there's anyone else wishing to provide testimony this morning please sign up in the lobby. And following Ms. Robbins we'll go to the District Offices.

MS. ROBBINS: Good morning, everybody.

CHAIR WHITE: Good morning.

MS. ROBBINS: Very soulful testimony that has been given. Mine somehow seems to be bordering on the capacity of farce and not that I don't agree with the soul-felt testimony that was in here but it's a real experience. I came down yesterday, I went to the seventh floor, I went through the, all the papers that were in the binder as far as BF-74 on the circuit tax breaker, and there are three papers that I pulled on here. One of them is from December 3rd of 2013. It's coming from Bill Tavares who is co-chair and Tony--may he rest in peace--that we remember for more than half a century who have gone to bat for all the right reasons that we heard here this morning. His comment in one of his sentences is it is...this is Bill now, it is repugnant to know that some unscrupulous realtors are still offering classes on effective flipping here on Maui. Buy for less, as soon as the bubble expands sell at a higher rate, and the next poor soul that comes in gets clobbered. Second one that I pulled was from the...on the stationery from the Director of Finance, and the signature, that's kind of the biggest blackout that I've seen on any of the papers that have blacked-out important information. It says sincerely, huge blank, supervisor, Real Property Tax Collection Section. Then on April Fool's Day from that same office I got a letter saying that it was, that my application which had been duly and timely filed has been denied. This was on April Fool's Day and here was the telephone call. So I call down and the...I got a telephone prerecorded message saying nobody here, please call again. So in fewer than 24 hours I came down and went in to the Director's office. He was just as polite as all the rest of the staff have ever been that I've dealt with here, hat's off to all of them. And I asked why I had been denied, I'd been on it before, I'm within that 71 to 80-something age range that was quoted by one of the previous testifiers this morning. And he pulled up on his computer screen showing that Rosemary Robbins owned multiple real estate on Maui, in Honolulu in connection with all these different men, I have no idea who they are, and in other states.

MS. HOPPER: Three minutes.

MS. ROBBINS: Got me. So he was very nice, said that he would personally go over that, and we know, especially one of our previous...current Council members was aware of some malicious behavior that had gone on on the one house that I do own. I bought it used

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

over 30 years ago. It's the same house. Ian and I have aged but the property assessment is apparently something that supersedes what's allowable. I'm a retired teacher, we don't have a lot of retired teachers making big bucks. Something is terribly wrong with this. So the Director assured me that he would look into it, I haven't heard anything since then, but the abnormality was just bellowing. So somewhere along the line there has been some mischief perhaps. It doesn't give to a lot of sound night sleep for those of us who may have been caught in this sort of a dragnet. So I thank you for your, all of you, for your integrity in what you've done. I've been here for most of those meetings, seen you slug it out. I admire your ability to do that. I thank the other people who, including people in the real estate outfits who have said it's got to be different from what it is right now. So thank you.

CHAIR WHITE: Thank you, Ms. Robbins. Questions for the testifier? Seeing none, thank you for coming today.

MS. ROBBINS: You're welcome.

CHAIR WHITE: And we'll go to our District Office in Hana first. Scott, do you have any testifiers?

MR. JENSEN: Good morning, Chair. There are no testifiers in Hana.

CHAIR WHITE: Thank you very much. And we'll go to Denise on Lanai. Do you have any testifiers this morning?

MS. FERNANDEZ: Good morning, Chair. This is Denise Fernandez on Lanai and there is no one waiting to testify.

CHAIR WHITE: Thank you. And we'll go to Ella on Molokai. Any testifiers?

MS. ALCON: Good morning, Chair. This is Ella Alcon on Molokai and there is no one here waiting to testify.

CHAIR WHITE: Thank you very much. Is there anyone else in the Chambers who would like to provide testimony this morning? Seeing none, without objection, we will close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you, Members.

...END OF PUBLIC TESTIMONY...

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

ITEM NO. 74: CIRCUIT BREAKER TAX CREDIT (CC 13-358, CC 14-125)

CHAIR WHITE: And the Chair is very happy to be revisiting this issue. I think we all realize that the changes that we made had a more far-reaching effect than we anticipated, and with any . . .(*closes connection with District Offices*). . . let's hang this up. And as with any law we pass, when we are not able to get all the information when we initially craft it, it's appropriate for us to go back and revisit. And, you know, as we look at what needs to be done I think we need to remember a couple of things. First is that the Maui County has the most generous exemption for homeowners in the State of Hawaii. We also have the lowest tax rate in the State of Hawaii. And so the Circuit Breaker is something that further assists people in a County where we already provide a very attractive tax rate and package. And just a reminder that as originally passed, the Circuit Breaker Ordinance remains the most generous in the State. And I've handed out a Circuit Breaker Summary, it looks like this, Members. It was handed out this morning. And what this provides is the basic...under other considerations in each county it provides the basic home exemption, and I'll point out that the basic home exemption on Maui as you all know is 200,000, on Oahu it's \$80,000, on the Big Island it's \$40,000 and it goes up to 100,000 for those of 70 years of age or older. On Oahu it goes up to 120,000 for people 65 years of age and older. In Kauai the basic exemption is 160,000 and goes up to 200,000 at age 70 and over. So those are the tax exemptions or the value exemptions, and as I mentioned, Maui has the lowest tax rate. Then if you look at the Circuit Breaker, the County of Hawaii has no Circuit Breaker law and the Kauai County eliminated their Circuit Breaker program in 2011. So the only two counties that provide a Circuit Breaker Tax Credit are Maui County and the City and County of Honolulu. The most significant difference in the City and County of Honolulu Circuit Breaker is that they have a \$50,000 limit, so if you make...and it's not an AGI like ours is, ours is adjusted gross income, theirs is gross income. So at \$50,000 or more you don't qualify for the Circuit Breaker at all. The other significant difference is that the owners of the property are required to pay the first 4 percent of income as opposed to the first 2 percent as provided for under the Maui law as it was adjusted. To put that in perspective, somebody making an adjusted gross income of \$50,000 here would be responsible for paying the first \$1,000. If the person was, same person was living on Oahu, if their gross income was 50,000 they would be expected to pay the first \$2,000 of taxes, so that's a very significant difference there. Oahu has no limit on the property values but they also do not allow for any second properties to be owned by the homeowner requesting the credit. And additionally, in Oahu they have, they require all title, all people on title to be included in the \$50,000 gross income. So I just want to provide that for some perspective. We've also provided the summary of the impacts that we received from the Director of Finance, and that shows the number of people that lost the exemption due to the five-year limitation on home ownership, and 27 were denied due to having incomes over 100,000, and 160 lost

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

the exemption or lost the credit due to owning more than one property, 188 lost the exemption for having a building value of more than \$400,000, and 76 lost the credit due to insufficient documentation. And in the original Circuit Breaker...and the Chair respects the comments from those who feel that repealing this law is the only appropriate thing to do, the adjustments that we made earlier. The Chair is not of that feeling because I think it's appropriate for us to take a very hard look at who is getting the benefits on the high end. I think most of the testifiers and most of the comments that I've gotten in the last several months focus on the fact that we do have an appropriate reason to remove the benefits from those that are getting significant credits on very, very high value properties. And the original law had no limit on income, we now have adjusted it to the 100,000 AGI. Mr. Guzman's version of the bill offers an amendment changing the AGI to a calculation which I believe is closer to and may in fact be the gross income calculation. Regarding the limit on number of properties held, there was no limit on the number of properties held. Mr. Victorino and Mr. Guzman proposed going back to having no limitation on property ownership. My amendment allows for each person on title to own a second property, so if...and that would be if the husband and wife is living on the property they would be able to own one other property as well. And that doesn't include those with no structures on it, they can own as many of those as they want. No structure and value of less than \$10,000. If they have three kids on title each of those three kids even though they're on title with their parents would each be able to own their own home. So this allows for one additional property, and the Chair's feeling is that that's an appropriate modification because I think we all feel...well I felt that one of the compelling testimonies that we...we didn't hear it today but we heard earlier was that if somebody is, somebody owns one home and they're getting the Circuit Breaker and they have invested \$400,000 in stocks or bonds or they have a significant retirement account, they're still able to get the Circuit Breaker. But if somebody has chosen instead to invest in a rental home that they can generate income from then they're getting penalized even though the investment may be of the same value. So the Chair's modification reflects that understanding, and I think it's appropriate to make that change. In the initial law there was no cap on the amount of the credit and I believe under the current setup there was one. It's not in our paperwork but it was mentioned by the Tax Office that there was one that would be entitled to a credit of about \$35,000. We have quite a few that are over 5,000. I believe that we don't have the exact number but there's credits in the amount of 18,000 which have been mentioned several times, and so I don't think anyone would disagree that we should be taking steps to limit that. The Chair's feeling is that we've made the process a little bit too complicated. One of the things that we are changing in our draft and of course, you know, this is just a draft and I'm interested in hearing others' perspectives on it. But one of the things that we have changed is to eliminate the requirement of the tax transcript, tax return transcript from the Internal Revenue Service. That was one of the more challenging things for some of our seniors and for some others to put together, and we feel that that should only be required if the information provided to the Department is insufficient to provide a clear picture. We also had no limit on the

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

property values in the original version or not what we changed but originally there was no limit on the property values. And it's the Chair's recollection that the main focus of the Circuit Breaker Bill when it was initially drafted was to protect people from rapidly rising property values because of sales by their neighbors who may have moved from the mainland and were willing to spend a significant amount of money on properties next door. That drives up the land value but it doesn't necessarily impact the structure value, so in a way to limit access to the credit we established a, we established the \$400,000 cap on building value. That places...well if we take the entire homeowner category, the homeowners, there are 26,000 some...500,000...or 26,500 or roughly people in the homeowner category, 87 percent of those have values less than 400,000. So roughly 13,000 or I'm sorry 13 percent have values over 400,000. So it was felt at the time that we made the modifications that that was a reasonable cutoff point. The Chair does appreciate the testimony looking at a graduated scale. The Department has mentioned that they're uncomfortable with that because it's additional calculations and it's difficult for them to deal with, but I think that's something that as policymakers we may want to take a close look at. And if you'll pull out your copy of the bill we've made a couple of changes. On the first page we've changed...one change is just changing the way that percent is noted. And then under C we've removed the current language and replaced it with language that states "The homeowner and spouse, cumulatively, and each other member of the household, as defined in Section 3.48.805, may only have an ownership interest in one other real property in addition to the homeowner property, excluding vacant property with a market land value of \$10,000 or less". And then on Page 2 we have changed the application period and extended it from January 31, 2014 to September 15, 2014. And we've done that because our staff attorneys suggested that because we're changing the criteria we have to provide another open application period. And then the next change is in Item B. The homeowner property...it will read "The homeowner property shall continue to qualify for the home exemption throughout the succeeding tax year; provided, that, for the tax year ending June 30, 2015, the homeowner property shall qualify for the home exemption for the entire tax year". Then the next one is the one I mentioned a minute ago regarding the tax transcript. And then the final change is on Page 3. We've deleted March 1 and put it back to April 30 for next year and "For the tax year ending June 30, 2015, the director shall notify the homeowner on or before October 31, 2014." So that's the, that's to allow for the Director's review after the September 15th final application period. So those are the Chair's revisions, and I'm open to whatever other thoughts and concerns that the Committee might have. And with that we'll open it up for questions for the Department or comments.

COUNCILMEMBER GUZMAN: Chair?

CHAIR WHITE: Mr. Guzman.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

COUNCILMEMBER GUZMAN: Chair, are we opening it up for other discussions in terms of I also have a proposed draft amendments to the ordinance. May I have this opportunity to go over my proposed amendments or are we...

CHAIR WHITE: I'm happy to have questions or comments if...I would rather instead of going over if you can explain what your concerns are. I would prefer to hold off on going over the actual draft changes until we get into more discussion. I'd like to have the Members provide their comments and concerns before we get into specifics. But --

COUNCILMEMBER GUZMAN: No, I just...

CHAIR WHITE: --go ahead.

COUNCILMEMBER GUZMAN: Chair, I just wanted that opportunity to bring up my proposed amendments in terms of I think that would also spur discussion as well. I think some of my proposed amendments are consistent with yours with...and there's some differences as well, and I think that should also be presented to the Committee. I did work with Bruce Efer, Erfer--excuse me--several meetings, also with Scott Teruya with the RPT Division, I had several meetings with them. So I'm fairly confident that these issues if presented to the Committee would allow...would be helpful in vetting the main issues.

CHAIR WHITE: Yeah, I...one of your items that Mr. Erfer remarked on this morning, Members, was the item of changing the five-year limit on the...well why don't you explain the rationale for that --

COUNCILMEMBER GUZMAN: Okay.

CHAIR WHITE: --'cause I think that's an important --

COUNCILMEMBER GUZMAN: Yes.

CHAIR WHITE: --change.

COUNCILMEMBER GUZMAN: Chair, if you would indulge me, can I go over my amendments? I did hand out to the Members our analysis of the Circuit Breaker.

CHAIR WHITE: Does everybody have a copy of Mr. Guzman's...

COUNCILMEMBER GUZMAN: Yes.

COUNCILMEMBER BAISA: Yes.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

COUNCILMEMBER GUZMAN: It's entitled Councilmember Guzman's Proposed Circuit Breaker Tax Credit Amendments.

CHAIR WHITE: Yeah, please go ahead.

COUNCILMEMBER GUZMAN: Okay, thank you. Thank you, Chair. I...we initially broke down the application process via how many applicants were denied, and we worked with the RPT Division. And we broke it down into the various restrictions that were on the application. And so if you see on the first part there is the members of household has other ownership interest in real property. That was 115 applicants...oh, excuse me, let me rephrase. Out of 869, that was the total amount of applicants, 390 were approved and 479 denied. And via my amendments it would allow 197 more applicants into the exemption to allow the Circuit Breaker. So getting back to the first page of my breakdown. These are the restrictions that are on the application that are broken down into layman's terms that are reflected in the ordinance. So the first restriction that we have is the members of a household has other ownership interest in real property, 115 applicants were denied because of that very reason. The next restriction we have is the gross building assessed value is greater than 400,000, 114 applicants were denied specifically for that reason. Insufficient documents, 78 applicants were denied specifically for that criteria. No homeowner exemption for at least five consecutive years, 42 applicants were denied for that reason. No homeowner exemption and other ownership interest, 40 applicants were denied for that reason. And no homeowner exemption and building value exceeds 400,000, 23 applicants were denied for that reason. And household income exceeds 100,000, 15 applicants were denied for that reason. In getting down to the analysis of it, if we really truly want to go to the intent of the Circuit Breaker we want to help those who really are in need of having this Circuit Breaker Tax Credit. And via my amendments we would be including 197 applicants that would then from the denial status be then approved. I know that when we go into my amendments I have the first amendment would be the Definition of Household Income, and the original ordinance indicates a, using the status of adjusted gross income which is a little bit more loose than what we see in terms of how Honolulu applies it. The definition that I have included in my draft amendment is you're correct, Chair, it does resemble and it is a gross income. It may be a little restrictive but I think this is the catchall wherein we're looking at the overall income of those who really deserve or are making more than they should be and are availing of the tax credit. So I believe this is somewhat a stopgap measure to be more restrictive, but in the same breathe, Chair, I don't want to exclude those who are already approved in the system. So that would cause a, you know, I think we can't even legislate a law that would kick people out of their approval status. So I would then be proposing that my definition of the household income, I would make an amendment to that to allow that that definition which is established in my draft ordinance shall not become effective until the tax year beginning July 1, 2015. That way those who are already approved in the system right now that have

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

the tax credit would not then be kicked out. My whole intent here is to be inclusive and to allow more people that are deserving to have granted or get the approval status for the tax credit. Moving forward, the rationale behind my household income is that if you look at the application reporting...let's start, excuse me, March 7, 2014 letter in our binder indicating all of the income reporting for all the applicants. You can see on Exhibit 2, this is the March 7, 2014 letter, Exhibit 2, you can see several of the applicants reported their income under the old ordinance, under AGI as one cent to \$3 to \$4. You know so you have multiple applicants that are claiming less than \$10 worth of AGI income, and so if we change that to my definition which is consistent with Honolulu we will catch those that are, you know, may not be reporting all of their gross income. So again, I don't want to exclude anybody that's already been approved so therefore I'm placing orally that amendment for that definition to be applied in 2015. Moving on, Chair, I have another amendment which is under the Home Exemption Status and that is what you've mentioned previous to my explanation. This is the current language, says that "The homeowner has been granted a home exemption on the homeowner property for at least five consecutive tax years, including the tax year immediately preceding the one for which the application for Circuit Breaker Tax Credit is filed." My proposed amendment will indicate that the homeowner has been granted a home exemption on the homeowner property for at least five out of the prior six years. And the rationale behind that is, Chair, sometimes families lose their homeowner exemption for one year, may it be for a variety of reasons, they missed a deadline or their attorney or their accountant advised them to convey their properties into an LLC or a trust, a living...a irrevocable trust. And so that being done and then them realizing that oh no, we didn't check that that action or that process would then kick them out of the homeowner exemption process, they then would realize or would come back and say oh no, we don't have five consecutive years. So at least by adding this, my provision, five out of the six, it will allow those applicants who have unfortunately been kicked but then for one year were able to come back and get their homeowner exemption status. And so I believe the effect of this amendment would allow 42 applicants that were denied specifically under that restriction, would allow 42 of them to be inclusive and get their tax credit.

CHAIR WHITE: If I'm not mistaken that would also allow people who have moved from one property to another to get back or to maintain their Circuit Breaker as well.

COUNCILMEMBER GUZMAN: Correct, correct. Exactly, Chair. And then number three, I have the Other Owners Interests. I believe we vary, our, we have different amendments on this one wherein your amendment, Chair, is allowing one additional property, and in my amendment I want to delete that whole section. The current language says that no member of the household, as defined in Section 3.48.805, has an ownership interest in any other real property, unless the other real property is vacant and has market land value, as determined by the Director, that does not exceed 10,000, from the date the application for Circuit Breaker Tax Credit is filed and throughout the tax year for which

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

the credit applies. My proposed amendment is to delete that entire section, and the reasoning behind that, my rationale is that enforcing this section as is would basically require our Department, our RPT Department to start doing, you know, title searches within the 50 states. And I know after, you know, I've practiced estate planning for many years and one title search alone is very costly, so, you know, we're going to have to go out and look at every single title within the 50 states to find out whether there are multiple ownership interests. And basically via my definition of income we will catch them, we will catch those reporting their income anyway. And there are times where people are on title on other properties just for namesake alone and for estate planning purposes. They may not have any value or assets within that property but by name alone they're on that second or third property, and it, you know, it comes down to the general principles of estate planning, sometimes it just happens that way. But I believe that my definition of income using gross income would then, you would allow us to look at okay, are you really deserving of this tax credit by looking at what is your gross income as compared to whether your name is on title via inherited properties. You know I have several of my relatives that are on my family's title of land but they're not making any income from it, it's just estate planning purposes that they've already conveyed those properties to the heirs but we haven't received any income from it. And additionally, Chair, the having allowed people to have multiple title on...I mean having title on multiple lands, some of them and I've heard from constituents that they use those lands for rental properties, that's their only source of income. And so we would then via my definition be able to see if they are receiving income from those lands, so my definition would catch all of that. Going back to Mr. Davis, we really want to make this a simplistic way of processing it through, and I think by lessening the restrictions and having two or three restrictions that really monitor it, I think we will get the job done in terms of what we intended the original ordinance to provide. I believe that Mr. Scott Teruya is also in agreement with our amendments as well as our Bruce Erfer, and COMET, I did send them a copy of it. Chair, this is a stop-gap measure, it's not a fix-all for all time, but time is ticking. On the last page here...oh wait, the next page on Exhibit 1, I know that one of the processes or concerns that we need to deal with is how will RPT staff deal with all of this, and my definition of the income as broken down in Exhibit 1 as a checklist for determining total household resources. This isn't something that we made up, we pulled this form from Oregon County and it is a form that is very simplistic in determining what documents are needed for the gross income. And so that is a way to help our Department figure this all out. I also am in agreement with you, Chair, about the graduated scale. I believe that it's, it will be difficult to try to implement this, that type of theory or method in this short of period of time. I think what we've got to look at is a stopgap measure, what can we do now. And going to this last page on the relevant dates, as you mentioned I also am in agreement with your dates in your proposed amendment, Chair, in terms of extending the deadlines. I also am in agreement with you, Chair, for the tax transcript documents and that not being...it's too onerous, it's too...it's difficult for people out there to get that. But in terms of the relevant dates I really believe that if

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

we keep this very simple and not kick anyone out right now, those that have been already approved but be more inclusive as I've presented in my amendments, I think it can be workable. If we pass my amendments 197 more people will be allowed to avail of the Circuit Breaker Tax Credit, and so that's my little spiel. And I hope I'm open to discussion and maybe we can bring those that are involved as resources. Thank you, Chair.

CHAIR WHITE: Thank you, Mr. Guzman. I'm just going to go right down the line and we'll go next to Chair Baisa.

COUNCILMEMBER BAISA: Thank you very much, Chair. And thank you for the opportunity to do this today, it's very, very important. Particularly when we had unintended consequences, I know that none of us wanted in any way to cause any burden or stress on people who have been affected by this negatively who shouldn't have been. But I'm really excited that, you know, I really believe that when we make laws we can't see or know everything, and when we do that it's very important that we come back and look at them again. And I want to say that I'm guilty of doing that, I didn't do, I didn't think about it or I didn't have enough information or whatever, so now I do. In fact we've been kind of overwhelmed with information since it happened, so we need to sit here and sort it out. And I know that a lot of people have been working on this. And I appreciate the work that the Members who have submitted amendments have put into this. I think it's no secret and I'm going to say this because I have to, that for the past four terms that I've been on the Council I have tried to get a overhaul of our property taxes. I have believed since I got here and I still believe today that it would be worth a look. I'm not saying that our system is bad or that there's anything terribly wrong with it, but I do believe that it would be an effort that is worthwhile to sit down and look at options and see if there is a better way of how we do property taxes, and I still feel that way. And I'm probably going to leave this Council feeling that way but I'm going to keep plugging for it. I'm not much for little fixes here and there because I think it's more than little fixes here and there, it's a major issue because it's our major source of income, and I think that we should really take a look at it and say is there a better way. For me when I came to this Circuit Breaker thing and why I was sympathetic about it from the beginning, I have always been concerned about the AGI being used for income, and I have had that verified. I was approached by one of Maui's most well known and prestigious accountants a couple years ago when we were working on this, and she informed me that...she begged me, she said I really, really want you to do something about this because I have people come to me to prepare their taxes and I know very well that people who are well educated and well heeled come to me and figure out how to hide their income in that AGI. And it was kind of disconcerting to hear what Member Guzman said about people reporting pennies, we all know that's ridiculous, 'cause if you're living on Maui you're not making pennies, no way, you've got to have a little bit of income coming from somewhere. So I agree and I really feel that that's a place where we have to

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

put some emphasis, and I think AGI doesn't work, I think we have to look at all the income, all the income. Because you can be a multimillionaire and if you have a slick accountant you can hide it in business expenses, you can hide it wherever you can hide it and come up and qualify, and I know that's not what we wanted to do, that was never what we wanted to do with the Circuit Breaker. We wanted to help true people who have low income and cannot afford to pay property taxes, and so for me that's numero uno. I also am concerned about the title holders on the, too many title holders' income being looked at, and I'll give you an example, it can be personal. I have to do estate planning, I'm getting old, and everybody suggests that you go and do these things and that you put your kids on the title because if something happens to you it's easier; however, our children are not at the point where they can pay property taxes any more than we can. It's strictly having their name on the deed, but I would never go to one of my children and say can you please pay the property taxes because I cannot afford it. They can't afford it either. I mean these people are paying for houses, cars, kids to go to school, tuition, whatever, and so I just really don't like that idea at all. I would like us very, very seriously to look at the measures that have been suggested by Mr. Erfer. This man has served on our Real Property Tax Board for many, many years. He's very knowledgeable. He's heard it all, he's seen it all, and to me that's where the rubber hits the road. So, Chair, that's where I'm at at this moment. Thank you.

CHAIR WHITE: Thank you. And, Members, I'm happy to have Mr. Erfer or anyone else come down to provide additional perspective on his testimony if the Committee would like. Mr. Hokama?

VICE-CHAIR HOKAMA: Chairman, thank you. I think my colleagues and you brought up some very good comments. I do have an issue with the AGI myself. But, you know, one of the things that I think we need to also ask is what is fair taxation, I think that's a critical important, and I just give you from a national study, Mr. Chairman, called the Zillow Study that was prepared and shared nationally on NBC, MSNBC News and this is only on single-family residential. The national average on single-family houses is \$2,823, nationally. You know the East Coast is normally your higher property tax areas, Texas. New York they average about \$14,800 for a single-family home or about 3.76 percent of the home value. And then when we look at the lowest property taxes as a percentage of home value at number four, at .22 percent is Maui County, fourth lowest in the country. So that's kind of interesting that I believe in the past the Council and in the past the Board of Supervisors have tried to address the unique type of industries we've have, the transitioning from major agriculture to the visitor industry, hopefully we'll move to technology stronger. But that's part of the issues of our history and the type of industries and the type of pay our people were receiving and how to then accordingly make fair taxation policy. You know during the max tax discussions that people like Bill Tavares and others help generate discussion and bring a greater awareness of some of the spikes in valuation and booming real estate development and sales was much needed at

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

that time. Okay, now we're at changing times, we're a more global than regional economy and there's a lot more factors that impact our valuations as well as financing. And so for me, you know, I'm listening to Mr. Guzman and it's interesting 'cause to me is this one of the shortcomings of us transferring to Treasury collections, the ability of the staff to respond to the taxpayers' or the public's demands for information. You know I have my one...I have my questions now on whether after the transfer, the technical requirements on complex issues is properly briefed and placed on our employees to be able to communicate that to the interested individual and property owner. I don't know about the level of expertise that the Administration and maybe assessments was able to provide in the past if that's still available. But one of the concerns that I would have Department asked and Mr. Walker is here 'cause one of the key components for Mr. Guzman's proposal for me to work is the ability to review the tax returns. And I don't know if our staff currently is at the level that it could be comparable, they can make the appropriate comparisons. But now we have trained them and again if we want to look at our sister County of Honolulu, they've classified and their rating of those type of clerks and accountants is different from this County. So, you know, are we really looking at similar types of comparisons? I'm not too sure at this time, Chairman. I would say though two things, I've been, I can speak from my experience that I know is guaranteed, death and taxes. And for me, Chairman, it's interesting that, you know, while our community makes us aware and we're very aware of the ability or inability to pay, that same base puts the same and greater demands on this County to acquire, to expand, that costs money. We have bought hundreds of acres at millions of dollars, that is what the tax base and the community wanted. We've always talked about ability to pay and now we continually hear we cannot pay, we cannot pay but we keep buying and getting into financial issues like this. You know for me, Chairman, it is a need for balance. I think there's going to be always a group of disgruntled taxpayers, to me it's just a matter of fact. You cannot have 100 percent buy-in, I don't think policy is geared for 100 percent buy-in, you will always have a group that is not satisfied, and I realize that and I accept that, Chairman. And for me home ownership, property ownership comes with great responsibility, great responsibility. You know just 'cause you inherit it you accept certain responsibilities and that comes with the ability to pay your obligations and responsibility regarding to public taxation. I don't want to hear excuses. You know there's always reasons why people say they cannot pay and there's many good reasons for that, Chairman, but people and families have to make hard decisions. And one of it is, is it to the family's best interest to retain that property if they cannot pay, because what we tend to forget is who then makes up that lost revenue from the other taxation components. And we don't talk about that too often but somebody is going to have to make it up. A business is going to have to make it up, a family is going to have to make, somebody else is the taxpayers is going to have to make it up because we got the bills to pay from what the base has asked us to provide. I don't have a silver bullet but I would agree with Mr. Guzman, I think we can make adjustments. It's not the perfect fix because times continually change and factors continually change. But I think one of the

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

key areas that I think we would need to have some comment from is our professionals like Mr. Teruya, like Ms. Martin, and get it from the frontlines people on what type of interactions are going on, what is the public asking from them, and maybe we need to get those frontline people give us greater input on how we're actually implementing and operating the program. We're hearing from the tax base, we hear from the top, I want to hear from the soldiers in the frontline, Chairman. Thank you.

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And yeah, we obviously have to make some changes and figure it out. Of course the more simple we can make it the better but this one may be a difficult one to do that way. But I'd like to have people consider something a little different. Yes, you know, make the tweaks and there are quite a few things that we can take a look at tweaking, but also have as part of the, maybe the Real Property Tax Review Board, have them, give them the ability to allow somebody to come to them and say hey, look, this is, here's my paperwork, here's what's going on, I think I deserve the Circuit Breaker Credit. That way it isn't stamped by one person and say, you know, one department saying no, they don't meet all the check boxes for whatever reason. It shouldn't be an automatic denial, it should go to the Real Property Tax Board and have them say yes or no, you know, deny or no, go ahead and give them the break. That way we have one more check and balance that, and then puts the human face on it as opposed to that's it in black and white...next. So that's one of the things that I'd like us to consider down the line. Regarding some of the testimony that's gone on, I don't know why we have the five-year homeowners exemption rule. One of the testifiers says well what happens if you inherit it or and it used to be a rental and now it's yours and you have to live there and you get the homeowners exemption, why do you have to wait five years to...if you're in a situation where you can't afford the taxes on it why would you have to wait the five years to get the Circuit Breaker? So that's a question that I would have. And of course if we just do gross income, let's set a number and work on that, but in some of the testimony and I can't remember where I read it, we talked about, you know, somebody has stocks and bonds and they're making their income off their stocks and bonds because that's the investments they made versus somebody else who said they bought a couple of houses when the prices were lower, whatever, and are using that as rental income. Both get an income from it, the stocks and bonds it's there's no real expenses to go with that, as far...but if somebody bought some houses when their prices were high and hoping to get rental as their retirement income and then now their house is underwater and they're getting a rental income but it's not as much as it costs them to, for the mortgage on the house, I know several people like that. Do we ding them on their income because their income is much...their outgo is much more than their income on that, so that's something we need to look at. Or if we have this body, the Real Property Tax Review Board saying oh yeah, these guys are underwater and they meet a lot of criteria so yes, they get the Circuit Breaker. Those are some of the things that we have to

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

take a look at. All the other stuff we can go through when we start deliberating on this. I think the building value should be higher. Somebody...and I think it's Mr. Erfer, I really agree with a lot of what he has to say. He says that, you know, if we're going against...if we're looking at the income then we don't care how many properties they have. We shouldn't really care how many properties they have. It's one of those situations of where the income should take care of the number of properties. And I like the graduated relief, you know, or graduated non-relief, if you will. So yeah, there's a lot of stuff we need to discuss and we don't have a lot of time to discuss it. So I think this is going to be a multiple meeting discussion, but we gotta do something. But let's think outside the box in some cases and take a look at potentially having a review. If somebody really, truly...this is...I can't afford it then a group of people can say yes, you're right you can't afford it, grant them the exemption. Thank you.

CHAIR WHITE: Thank you. With that, Members, we'll take our morning break. Please be back here at quarter to 11:00. And we are scheduled for the full day and the Chair would like to have a full discussion and get a good sense of direction. If we can move on this measure today, great, if not we will listen to the comments and concerns and we'll defer this measure until next week and we will create a new draft from the comments from today. So with that we'll take our morning recess. . . .(*gavel*). . .

RECESS: 10:35 a.m.

RECONVENE: 10:53 a.m.

CHAIR WHITE: . . .(*gavel*). . . This meeting of the Budget and Finance Committee will come back to order. Members, we are going to continue with comments and concerns from the Members, and next up is Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you for all the comments thus far and definitely am in agreement that this needs to be taken a look at. And thank you for bringing it back up on the table here, Chair. I do commend all the Members that have set forth amendments and especially Mr. Guzman and others that have testified in support, and it's pretty clear and laid out nicely. I have a question...and yourself too, Chair, your amendments. My question, Mr. Guzman tallied up the amounts of applications that could potentially be approved with his amendments, did you come up with a similar number at all via yours?

CHAIR WHITE: No, and the reason, it's hard...some of these numbers are hard to specifically identify because we don't know for example on mine limiting it to the ownership of one additional home, we don't know how many have multiple homes instead of just one more. So and that was part of the problem with our dealing with this issue in the first

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

place is that there are overlaps in the criteria and so it's very difficult to identify exactly how many people would be impacted.

COUNCILMEMBER COCHRAN: Right.

CHAIR WHITE: And so, you know, the Chair is very encouraged with the discussion today and I think we've got a number of good ideas. Just to be clear, the Chair thought we posted for all day but some of the comments from Members have indicated that that was not the understanding that they had. So the Chair's interest is to get as much discussion as we can today to give the Chair and Staff a good sense of where everyone's coming from, and then we will redraft incorporating the proposals that we get a sense there's support for and come back with an amended version next week. We are posting this for the 17th and I think that will give us some time to work with Staff and our attorneys on how to word some of these things. The appeals process that Mr. Couch brought up we had in our...we discussed in our initial run at this and I think that's something that makes sense. The focus on a move to gross income I also think is something that's fair and may allow us to be a little bit more flexible on some of the other issues. So with that, Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, thank you, Chair. And thank you for that clarification. More than willing to work through this but again we, others have commitments and myself too. But so I'll keep it brief, and I just want to say that, you know, I agree. I'm glad actually that we're going to vet through this and then come back with a draft and work off of that because what Ms. Baisa brought up about the AGI. Mr. Hokama brought up a good...a different context, too, in regards to the Treasury Department and the, you know, perhaps the ability to really verify all applicants thoroughly and everything. Maybe that's a question and if so then perhaps, you know, add more E/P or figure out a different way to, you know, set priorities or whatever it is to be addressed, but that can be vetted through again. And then Mr. Couch brought up the review board participation of some type too, and I think all these are very worthy. And so again we have a lot on our plate to discuss. I think the first one that really caught my attention because I personally have been getting a lot of the comments via this community and it is about the additional ownership of interests and properties. As you state, why penalize someone who decided to invest in real estate or some, you know, land purchase or a home versus stocks and bonds or putting it elsewhere? And, you know, hearing Mr. Kanahale in regards to inheritance too, and then you have the kuleana landowners and so on and so forth. So again, you know, I think that's a...the removal of that I could completely support, the number one on Mr. Guzman's list of amendments, and that would hopefully apply to these concerns that I've been hearing, probably on my list of number one. But it's interesting Department of Finance's communication on March 7th in regards to the districts here in Maui County who had gotten approvals and the ones who gotten denied, and the most denials at this point...well Mr. Couch's district beats me by 1 at 101 and then West Maui is at 100. So definitely, you know, we need to

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

look. It's everywhere...I mean everyone counts, but there's quite a huge number of denials in West Maui in particular and also South. But with that, Chair, I won't carry on too much because as I see we're going to vet through this a lot more and then, you know, continue the discussion. So thank you for that.

CHAIR WHITE: Okay. Thank you. And, you know, I think Mr. Erfer's comment about there being only one on Lanai and two on Molokai is a little concerning, because it may be that we have not sufficiently educated people as to the availability of the Circuit Breaker. And I know that's been something that Ms. Baisa has talked about ad nauseam. And so that's another issue that we're going to have to address as well is the, there should be some communication to all homeowners that the, of the existence of the Circuit Breaker. Once we get things buttoned down I think we may need to look at doing some educational whether it's letters or something else, but I think it's appropriate for us to make sure that everybody understands that it's available.

COUNCILMEMBER COCHRAN: Right. And thank...sorry, yeah that is definitely I think in regards to Mr. Hokama's. The implementing portion of this too and educating, and also the people that are at the windows that people come up to with the questions that their --

CHAIR WHITE: Right.

COUNCILMEMBER COCHRAN: --you know, have the proper answers and direction they can give to the community. So thank you, Chair.

CHAIR WHITE: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. Thank you for giving us this opportunity to I guess dissect this more. And I can appreciate where the consideration for Councilmember Guzman is coming with his considered amendments. And I think as we go further I think we...hopefully we can conclude something this afternoon. But, you know, Mr. Hokama brought up a good point about hearing from the front liners, I hope we have that opportunity today, too.

CHAIR WHITE: Okay, Mr. Teruya and his staff are here as well if you...

COUNCILMEMBER CRIVELLO: Okay.

CHAIR WHITE: So again, Members, if you want any of the resource people to come down, please just let me know. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. Mr. Guzman's proposal comes closer to anything else that I've seen to satisfy the concerns that have been brought to our attention

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

to all the Council members. When I checked all the people that have called me about the different concerns, this as is satisfies almost all of those concerns which makes me really happy. Several things, one, the comments from the different Council members, the concerns, I think we need to get into those in some more discussion, 400,000 to 500,000, and all of the other things. Talk about a graduated income to percentage, I think that needs more discussion. The bottom line is income is, has to be the driving force. I like that he has proposed in his last one over here to delete the ownership interest. I have people in Hana that have ownership in three or four different hui properties, it's all family properties. They don't want to give it up because someday their grandchildren or great grandchildren or somebody else might be able to do something with it. It doesn't...they derive no income from it. Some other people have homes on the property so since it's undivided hui there's value to it but it's no value to them, and I'd like us to keep away from that. And again as it was discussed, some of these other properties, maybe somebody has two properties that they own there and that's their income, that's what they're living off of. And that's why I'd like to see this income driven. Income is really the bottom line. Way back historically when this first came about, Kihei a lot of local people lost their land because land values just soared over there, and they were living off 6,000-\$7,000 a month retirement or income, those days was low. Our bottom line is to help our people and make it fair and not have them lose anything. I think if we put Councilmember Guzman's one on the table and then use that, address the concerns that have come up using this as a base I think we'll get to where we want to go and really truly serve our people. Thank you.

CHAIR WHITE: Thank you. So you are then agreeing with the modification move towards gross income as opposed to the AGI, is that correct?

COUNCILMEMBER CARROLL: Yes.

CHAIR WHITE: Okay, good. Thank you. Mr. Guzman.

COUNCILMEMBER GUZMAN: Yes, Chair, I just wanted to do a friendly amendment if it would be okay with my Members in terms of my drafted...

CHAIR WHITE: We're not making...

COUNCILMEMBER GUZMAN: Yeah, I know but...

CHAIR WHITE: We're making suggestions, we're not at a point of making amendments.

COUNCILMEMBER GUZMAN: I realize that, but if you're going to take all the drafts and look at them I would like on the record that in Section 4, I would like to add an amendment to my draft so that you can incorporate it to the final version which would be,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

the definition of income established in this ordinance shall not become effective until the tax year beginning July 1, 2015. That way it doesn't kick out anybody this tax year.

CHAIR WHITE: Yeah, that's fine.

COUNCILMEMBER GUZMAN: Okay, thank you.

CHAIR WHITE: You can provide that to us. We haven't heard from the Department at this point, and if you'd like to provide us with some, with your thoughts on the discussions or whether mister...and whether Mr. Teruya could come down or...

MR. WALKER: Thank you, Mr. Chair. Committee members, thank you. Obviously this is your baby and you're going to work through this. I guess my only real comment at this point -- and I would also ask Marcy and Scott to come down if they can provide further information, testimony, et cetera -- is that obviously depending on how this comes out and what the final version is will dictate what is going to be required of our staff. I mean do they have to become tax experts or looking at business income and adding back depreciation and that kind of stuff? And so that would be...that's I don't want to say it's a worry but it's a concern of mine a little bit that we may be requiring a lot more of our people than they're capable of providing at this point in time certainly. But I would, you know, if anybody would like...or, Scott or Marcy, do you have any...

CHAIR WHITE: Scott and Marcy, why don't you guys just come on down in case there are questions.

MR. WALKER: This is Marcy Martin our Real Property Technical Officer and Scott Teruya our Real Property Tax Assessment Administrator.

CHAIR WHITE: Mr. Teruya, any comments or concerns on what you've heard so far?

MR. TERUYA: Yeah. Thank you, Chair and Members. So far out of the proposed discussions that I've heard so far, the only thing that I would comment on is the fact that when a person should have the ability to appeal their Circuit Breaker application, just note that everything becomes open record.

CHAIR WHITE: So when you say open record it becomes public information? Okay.

VICE-CHAIR HOKAMA: So, Chairman?

CHAIR WHITE: Yeah, Mr. Hokama.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

VICE-CHAIR HOKAMA: I want to thank Mr. Guzman 'cause he had a very detailed proposal. But in Mr. Guzman's proposal on his Exhibit 1, I, I'm not sure if you have a copy, Mr. Teruya, Ms. Martin. And again if need be I would also ask, Mr. Chairman, if maybe Mr. Kushi if there's some legal comments that might be appropriate if you would also maybe allow him to provide those comments. I know one of the ways that Mr. Guzman is...and I would agree, I think we need to look at the income component is I guess whichever state or county this came from. They used...they talk about W-2s and 1099s, and for me those documents contain for all purposes things that the government has considered that maybe need to be protected under privacy laws and policies, and yet there's also as you said a need once appealed becomes public record. Is there any issues you see in administering this type of documents? They're boldly in black within parenthesis.

MS. MARTIN: My only comment would be is that if this income isn't reported on a tax return we might not know these documents exist. It could be possibly hard to enforce and collect this information, but I'd have to do a lot more research.

VICE-CHAIR HOKAMA: Okay. Mr. Kushi, do you see any legal concerns that the Committee should be aware before we make any types of decisions?

MR. KUSHI: Well the, yeah, you're correct about the privacy laws, but so I don't where, I'm not sure where this checklist came from --

COUNCILMEMBER GUZMAN: From Oregon.

MR. KUSHI: --I'm not too familiar about it. But a simple way is to just redact it.

VICE-CHAIR HOKAMA: Okay.

MR. KUSHI: And advise Staff that this is...the vital information will be kept confidential.

VICE-CHAIR HOKAMA: Okay, thank you for that. And if we move to this, you know, you guys in operations yeah and you know the program well, is this something that you would say currently we are able or unable to do? And if we are unable to do, how would we if we would like to support this proposal, you know, implementation, is it reasonable by next tax year? Because I don't know if we have the appropriate staff or as well as the technical components for the staff to implement and inform the public correctly of the new policy.

MR. TERUYA: Chairman?

VICE-CHAIR HOKAMA: Go ahead.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

MR. TERUYA: Mr. Hokama, in reference to your comment or question, when I look at the checklist it's similar to Honolulu where they're looking at the returns. I have Honolulu's org chart and I believe the people that are looking at the returns are of a different SR that we have. Furthermore, it appears that they do report to accountants, so I believe that their assistance in reviewing returns come from Accountant IVs, Accountant IIIs and Senior Account Clerks. I believe to the best of my knowledge that there are currently Tax Clerks doing the work here in Maui County. So whether or not they are either astute or able to do this in their line of duty, it would either have to come from the employees either going over a position description possible reallocation, I don't know. I think that would maybe be something that would be probably have to be proposed for DPS to review, their current job description and whether or not it would apply or not. So that's my only comment when you talk about this checklist is because I don't know the, to the extent of difficulty that DPS would warrant us a reallocation or not. So that would be my only comment at this point.

VICE-CHAIR HOKAMA: Okay, thank you for that. Chairman, I'm happy to allow the other Members to provide their questions.

CHAIR WHITE: I think, believe Mr. Guzman wanted to clarify where the checklist came from.

COUNCILMEMBER GUZMAN: Oh, thank you, Chair. Yes, this came from a municipality in Oregon --

CHAIR WHITE: Okay, thank you.

COUNCILMEMBER GUZMAN: --and I could refer the Corporation Counsel to their Corporation Counsel in terms of any legal issues that they may have. I'll get that information for . . . *(inaudible)* . . .

CHAIR WHITE: And just to be clear, Mr. Kushi, you mentioned that if the W-2 or 1099 were requested and became part of the file that the Department would be able to redact the private information prior to it going to a possible review?

MR. KUSHI: Yes. Now in the context of their initial review for the assessment, income, and the home exemption, et cetera, I believe it's possible, and I believe that's what you're doing now if you keep any kind of confidential returns. But the other concern is that if...following up on Member Couch's suggestion, if the Board of Review looks at this then the entire record is public, becomes a public record, and those things may be...call for executive sessions.

CHAIR WHITE: Mr. Couch --

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

COUNCILMEMBER COUCH: Thank you.

CHAIR WHITE: --followed by Ms. Baisa.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And, you know, I do know that from being on the Board of Ethics that there were...if you were on a board or commission you had to do a financial disclosure and so that information was all done in executive session. The question I would have for Mr. Kushi is can the Department redact Social Security number, birth date and other information that's considered private and then submit it to the...if they're going to do the appeal? I mean I wouldn't see why they couldn't do that. I know the Board of Ethics sent out redacted reports all the time.

CHAIR WHITE: Mr. Kushi.

MR. KUSHI: Well I'm not sure if...I mean you're talking about a hypothetical because --

COUNCILMEMBER COUCH: Right.

MR. KUSHI: --currently the board does not review Circuit Breaker issues. In terms of the Board of Ethics, they give you a range, they don't say exactly how much to the penny.

COUNCILMEMBER COUCH: But it's still in executive session.

MR. KUSHI: Correct.

COUNCILMEMBER COUCH: The board and commission members, not elected officials but boards and commission --

MR. KUSHI: Correct, they're confidential.

COUNCILMEMBER COUCH: --is executive...yeah, it's confidential. But couldn't the Department redact that information before giving it to...if we were to do this appeals saying giving it to the Board? It doesn't have to be public information.

MR. KUSHI: Well I mean if you're going to add that to the duties of the Board. Maybe in the ordinance it should say that all information will be kept confidential.

COUNCILMEMBER COUCH: Yeah.

MR. KUSHI: Right.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

COUNCILMEMBER COUCH: Of course. Okay, so it is...there is a way to do that.

MR. KUSHI: There's a way --

COUNCILMEMBER COUCH: Okay.

MR. KUSHI: --but you need to deal with the ordinance.

CHAIR WHITE: Ms. Baisa.

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. A question. For those who would not be eligible for Circuit Breaker this year because of the way the ordinance is now, could they still get it if we got these changes done or how would we handle that?

CHAIR WHITE: My understanding is with the change to extend the application period to September 15th, anyone who has not yet applied would be able to apply prior to September 15th, and they would be receiving an answer by October 31st.

COUNCILMEMBER BAISA: And what about those who applied and were denied? That 479 people.

CHAIR WHITE: They don't need to reapply because the, all the records are currently in the Real Property Tax section.

COUNCILMEMBER BAISA: So automatically they would be re-reviewed under new criteria?

CHAIR WHITE: Yeah, I believe the comment that Mr. Agsalog made previously was that he would just leave all of those applications as pending further review.

COUNCILMEMBER BAISA: Okay.

CHAIR WHITE: So once we complete this, they will do their final review and accept or deny the, those that qualify. I should say --

COUNCILMEMBER BAISA: Thank you. I think that's very important for --

CHAIR WHITE: --accept those that qualify and deny those that don't.

COUNCILMEMBER BAISA: --the people are really concerned. And if they qualify, they qualify --

CHAIR WHITE: Right.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

COUNCILMEMBER BAISA: --they don't, they don't. Okay.

CHAIR WHITE: Right. Mr. Guzman, followed by Mr. Couch.

COUNCILMEMBER GUZMAN: Yeah. Thank you, Chair. I just wanted to clarify with Chair Baisa. Yeah, under my draft I have actually when we did the analysis we categorized each restriction that the number of applicants that were denied specifically for that restriction. So under my draft, 197 would be now having their tax credit. And under Chair White proposal to extend the application, those who haven't applied as of yet would then have that opportunity to apply and be scrutinized under the new criteria.

COUNCILMEMBER BAISA: Thank you.

COUNCILMEMBER GUZMAN: Is that okay?

COUNCILMEMBER BAISA: I think that's important. Thank you.

COUNCILMEMBER GUZMAN: Okay, thank you.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And, you know, we're talking a lot about income and that might be a good measure, but in the reasons for disqualification, not too many people got that disqualification, only 27 had an income greater than 100,000 or whatever income we use. So I'm...that's a hard one. We're having a huge discussion and I, you know, we need to have the discussion, but the more important one appears to be own more than one property and have a building value of more than \$400,000. That appears to be the biggest killer on this one right now. So I mean there's so many things to discuss I don't know what...which way to go. For instance, with this checklist for determining total household resources, that's a lot of information. Couldn't that information be just done from one line on a tax return as gross income? And I know you pulled that language out of the ordinance about saying that they don't need a tax transcript because it's apparently a pain to get, but is there some way that they can just show hey, here's my tax return, here's my gross income and we're done. As opposed to this is almost like filling out another tax return I guess albeit it's only one page but there's a lot of stuff you gotta provide. So, you know, should we continue on with the income thing we may want to make it a little more simple. If it's doable. I don't know, Mr. Teruya, if what the issue is with looking at...if we were to say gross income as opposed to adjusted gross income. Were you having issues with people giving the...showing you their tax returns?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

MS. MARTIN: I think we'd have to do more research on that.

COUNCILMEMBER COUCH: Okay. All right. You know...I don't know, it's a long discussion to have so.

MR. TERUYA: I think if you're going to decipher between the net and the gross obviously the gross is the easiest way. Yeah. And that's what Honolulu's done, it's worked in the past. It's going to be difficult for us because we've never done it before, but Honolulu's always used the gross and it's very clear what the gross is. And like I said, if you...I mean this is good, but I mean we want to make it very simple.

COUNCILMEMBER COUCH: Right.

MR. TERUYA: I mean when we're talking about this, these are all great measures but they're difficult, so if we want to make it very transparent and very simple and use a gross income or a net income or whatever one line is, that is the easiest.

COUNCILMEMBER COUCH: Right.

MR. TERUYA: Yeah. And therefore, you know, we must remember that even though we pass whatever this body chooses, the system still must allow for it, so we would still need to go back whatever this body decides and find out what are the changes and make sure it can be implemented in the system to allow for the credit to happen whenever it should happen. So that's one of the things that I would just warn this body is that there may be modifications depending on what this, the outcome is and when can we implement the thing so that we have the leeway to make sure that credits apply when they, whenever you expect them to be applied. We are coming up on the first half payment already, so, you know, sometimes when you get a credit, the current ordinance says it's applied equally in two halves. So, you know, right now they're getting their bill for the whole portion possibly and we may be applying a credit to the second half, but the ordinance says we gotta do the first half but they may owe nothing already. So we may have to credit a zero balance and then issue refunds. So that's something that you gotta consider as well.

COUNCILMEMBER COUCH: But, yeah, that didn't quite answer my question. The question was the trouble of getting the tax return. I notice, Mr. Chair, in your version you took out that requirement. Was it because it was difficult to get the tax return?

CHAIR WHITE: It was much more voluminous and they felt that the tax transcript, the other tax transcript gave them enough of an indication as to the numbers they were looking for, and they would still have the ability to ask for the full tax return transcript if they felt there were remaining questions.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

COUNCILMEMBER COUCH: Okay. So if they can get the tax return and the people if they want the Circuit Breaker exemption or credit you would think they would be willing to give you a certified copy. It shouldn't be difficult to get. And if you have one line where it says total gross income. I understand where Mr. Guzman's coming from and --

COUNCILMEMBER GUZMAN: No, you don't. You're off base.

COUNCILMEMBER COUCH: --just having to provide all that information. I remember two, you know, ten years ago people were having a really hard time with the simple form that we did have, especially the, you know, in the senior citizen clubs that we would go around and take a look and help out, it was confusing then to add all of this. It might be a little bit more confusing, I'm not sure. If we go with just plain old gross income versus adjusted gross income.

CHAIR WHITE: Yeah. I think the...and I'll let Mr. Guzman respond, but I think in many cases the seniors wouldn't have many lines to fill out. So I don't think it's necessarily a burden on them. But Mr. Guzman.

COUNCILMEMBER GUZMAN: Yes. Correct, Chair. And this checklist is just, it's a sample and basically giving an idea of how administratively you would go about determining what documents would be helpful to determine the gross income. So the real issue is gross income versus AGI, and in my draft I'm supporting gross income. However the requirements of documents to determine gross income, that's the Administration's job. In terms of the time of, time is of the essence this tax period, just like what the deadline is I think in July is the first sending out of our tax bills. So we've got to get off the porch here and move or we're going to be in trouble. I mean like I said my draft is a stopgap measure. It's inclusive of 197 more people getting accepted, their tax credit. In terms of my definition of income, gross versus AGI, as indicated earlier, Chair, I would be proposing that that be implemented in the 2015 tax year. That way we don't kick out anybody that have already been approved.

CHAIR WHITE: Right.

COUNCILMEMBER GUZMAN: So in terms of addressing Mr. Couch's issue, is it going to be difficult or not, that issue of the definition alone will not be applied this tax year. It's something that will be applied next year. We just don't have the time for the graduated scale to discuss. I mean we can discuss it but for implementation purposes what I've understood from the RPT Division it's going to throw a monkey wrench in everybody's system, and I think we just don't have the time to put that in as part of a stopgap measure. That's just my two cents in responding to Mr. Couch's inquiries. Thank you, Chair.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

CHAIR WHITE: Yeah. As far as the graduated scale is concerned at, with the numbers that we're looking at now, it would likely apply to somewhere in the neighborhood of 80 people, and each of the credits is determined by calculations that are outside the system. So I wouldn't necessarily agree with your concern that it's just out of the question to consider, because it's one calculation added to a spreadsheet and it's pretty simple. Mr. Couch.

COUNCILMEMBER COUCH: Oh, I...yeah. I'm a little confused then because on the ordinance that I have in front of me it says household means the adjusted gross income as defined by the IRS. And then the addition is and non-taxable income including a bunch of other stuff. Does that essentially all of a sudden become gross income? And, you know, I'm not a tax guy so I don't know. I would think if we're just going to say gross income, let's say gross income, but I'm not sure.

CHAIR WHITE: Are you referring to...which...

COUNCILMEMBER COUCH: Mr. Guzman's amendment.

COUNCILMEMBER GUZMAN: Chair? It's the technical version of defining gross income in a very technical manner. I've discussed this with RPT and we do have layman's language that we could put into the form itself. But just to be technical we put it, we put that language in. And in terms of...I'm going to add on, Chair. I'd like to hear from RPT in terms of their ability to implement a graduated scale type model.

CHAIR WHITE: Mr. Teruya.

MS. MARTIN: Chair?

CHAIR WHITE: Or Ms. Martin.

MS. MARTIN: First I'll talk about the non-taxable income. I'm reading Honolulu's application right now and it does look fairly straight forward because each line that they're adding back to the AGI references a line on their Federal tax return, and it looks like there's five items. So I feel that that would be...we would be able to implement that, and we would be able to implement that in our current Real Property system probably without any modifications. A graduated scale I think would require a system modification to implement that.

CHAIR WHITE: But aren't the calculations regarding income and the actual amount of credit that is earned based on their income level, isn't that a calculation that you do outside of the system?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

MS. MARTIN: The credit is not calculated outside of the system. And I suppose the income could be calculated outside of the system but we need to be accurate and we need to have edits, so it's always good to be able to have the system verify the human calculations.

CHAIR WHITE: But currently the, you're not entering the person's income into the system are you?

MS. MARTIN: Yes, we are.

CHAIR WHITE: Maybe you could explain to us...well we're running low on time. I want to hear more concerns, but maybe you can explain to us briefly what system that's being entered into and in what way it's being done.

MS. MARTIN: The taxpayers adjusted gross income is entered into our IAS assessment system which calculates the tax and calculates the credit. The reason why is all those numbers are input before tax rates are decided on, before minimum tax is decided on, and it checks against things like minimum tax, it checks against last year's taxes. So it's actually quite a complicated algorithm.

CHAIR WHITE: Okay. Members, other questions? Concerns? Mr. Couch, followed...

COUNCILMEMBER COUCH: Let her.

COUNCILMEMBER COCHRAN: Oh.

CHAIR WHITE: Ms. Cochran, go ahead.

COUNCILMEMBER COCHRAN: Thank you, Chair. And I think this kind of goes towards Mr. Guzman though in my line of question, and it's just in regards to with the 197 additional applicants that potentially will be granted the Circuit Breaker. What's the dollar amount or perhaps Department knows what's the dollar amount figure then that will be adjusted in our overall budget at this point if that has been looked at? Or it's easily --

CHAIR WHITE: Mr. Teruya.

COUNCILMEMBER COCHRAN: --calculated maybe, I don't know.

CHAIR WHITE: I know they've got a bunch of numbers, I'm not sure --

COUNCILMEMBER COCHRAN: Okay.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

CHAIR WHITE: --they have that specific --

COUNCILMEMBER COCHRAN: But --

CHAIR WHITE: --number.

COUNCILMEMBER COCHRAN: --roundabout, sort of general, I mean hundreds of thousands, not quite. So...just to garner a figure I guess at this...and if it's...

MS. MARTIN: We don't have the impact of the credit disallowances for owning multiple properties.

COUNCILMEMBER COCHRAN: Okay. I mean I see the credit is currently at \$638,000 or denied, denied, and then I guess thereby that would be now...yeah, adjusted down I guess.

CHAIR WHITE: Just to give you some indication, in their February 8, 2013 response under the criteria for no title holder owns any other real property, they estimated that would amount to about 196,000.

COUNCILMEMBER COCHRAN: Okay.

CHAIR WHITE: Mr. Couch.

COUNCILMEMBER COUCH: Yeah. I think we should have a discussion before this gets done about the owning more one property or having a building value of more than \$400,000 because that's essentially 348 people out of the...I don't know what the total was but it looks like about 600 people. That's almost half or a little over half of all the issues that we're going to have, so that might be the focus, right? We should probably at least get what everybody's concerns are because I would think moving the home value up might be a good thing, because a lot of the letters and e-mails I've gotten, it's, a lot of it's the home value that people were saying look, my home value just went over \$400,000 and I'm knocked out. So I'm more than willing to bump that up, and I think I was when we went through this first time 'cause I thought the 400 was a little too low. And the whole owning more than one property, 160 people were affected by that. So I think if we tackle those two, the income and all that other stuff may wash itself out a little bit later, and of course if we can get some sort of appeal process, that's the biggest one I would think. Thanks.

CHAIR WHITE: And what is your, what are your thoughts on the homeowner or the multiple properties?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

COUNCILMEMBER COUCH: You know you brought up an interesting amendment where you said, you know, if they have...if each person has one other property that kind of mixes in with also multiple titleholders on one property. Because you've got families that there's 30 people on one title but only one person's living there and the rest are not even on the island practically and it happens to be some properties that are right on the beach. So the whole owning more than one property, everybody on that list, 29 people have more than one, most likely have more than one property. So that's, you know, I think if we just remove the more than one property because of the...because we also have the other income limitation and the building value that might wash out a lot of the people that are doing speculation and flipping and rent, you know, high-rent properties.

CHAIR WHITE: And, Mr. Carroll, you had mentioned that your concern was the multiple...people owning multiple properties in Hana, and I believe you said there were cases in which they had no structures on it. So I guess one of the questions is whether or not we eliminate any properties or allow properties that have no structures on it as well or whether we just take all of 'em out. Mr. Carroll.

COUNCILMEMBER CARROLL: One of the problems with that -- and thank you, Chair...*(clears throat)*... excuse me -- is a lot of people in Hana have their name on other properties. Those properties have structures because they're in undivided hui, so they do have a structure. Now they don't want to give up their ownership in a hui because their grandchildren or somebody else someday might want to, you know, go over there and divide...there's several ways you can build, you can do a subdivision or you can divide out or whatever. So they don't want to give that up. And some of those families might be in two or three different hui 'cause remember this is all family land. And I don't think it passes Hana. I think that just generally our older families you'll find a lot of them in that situation, and because of that I agree with just removing it. I think it's...I think putting that in hits a real base of our population, and it would really have a detrimental effect down the road because if people really caught in a bind they'd have to give up their share or really suffer financially. So I would hope that we could remove that. Thank you.

CHAIR WHITE: Mr. Guzman.

COUNCILMEMBER GUZMAN: Thank you, Chair. Yeah, I'm very pleased to hear that Mr. Couch and Mr. Carroll is supportive of the, my amendments. I just wanted to, in addition to addressing the 400,000, gross building assessed value is greater than 400,000 restriction. Under our research it was 114 applicants that were denied because of that specific reason. If you go back and we have the pictures, and we looked at all the TMKs and we did the eye in the sky and took photos. If you look at those, 114 applicants that were assessed greater than 400,000 you would then realize that these houses if you increase it by 100,000 are, I believe are not legitimate in terms of, you know, being able

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

to avail of the tax credit. And I should have printed out the photos because it's quite amazing to see these pools, these houses along the cliffs. Four hundred thousand is quite substantial. If you look at, compare it to all of the pictures and all the TMKs that are, that were, that had applied, and if you're talking about increasing it over 400,000 I would suggest that our Council members do their research and really determine whether they want to increase it by 100,000. That's my two cents. Thanks.

CHAIR WHITE: So said differently you're supportive of leaving it at 400,000?

COUNCILMEMBER GUZMAN: Yes, Chair.

CHAIR WHITE: Yeah. Yeah, the Chair has also looked at quite a number of the TMKs that are in the category of over 400,000, and it's...there's some very nice houses and I'm not sure that these are the folks...well they are the folks that are in the top 13 percent of all homeowners. So the Chair is comfortable with the 400,000. I believe it would be a good thing to...even if it requires a system modification to look at the graduated scale, 'cause I think that softens the blow and I think it's a more fair way of approaching it. Mr. Hokama.

VICE-CHAIR HOKAMA: You know I really appreciate Mr. Guzman's diligence in getting information because obviously he took the time to put his proposal together. For me, Chairman, my concern especially for Lanai is what I call inflated valuation growth. Okay. I think all the Members including yourself know of our unique housing situation on Lanai. There's a great demand, there is basically no market, and so what is happening with the renovation projects and the reinvestment of Pulama Lanai on various properties that they control and own, their contractors are willing to pay 50 to 100 percent more than what I feel is the true value of those single-family homes and properties. Okay. They're going to impact my permanent residential community by inflated valuations, and so I have a concern of this 400,000. How do we protect those old families? You know whether it be the native Hawaiian group or the old families that have spent 100 years there, built the city, the existing city, and that city was built basically during a short period of time. So we're talking about similar homes built in the '30s, '40s, '50s, and I can tell you Mr. Erfer is pretty correct, most of those homes do not...would, you know, more likely they're already at minimum tax after the exemptions. Okay, so you're not going to have a lot of Circuit Breaker requests. And most of my people are retirees of the pineapple era so I understand the income component, but my concern is how then we protect them from this new type of Vikings as Mr. Tavares used to call or some people call 'em, the new pilgrims on my island. How do we protect them, my real community from those transient residents who are just willing to pay what the businesses can afford, not the individual, the businesses can afford that's buying up those single-family properties at truly inflated value. Their business can afford it but my retiree homeowner cannot maybe adjust to the new valuation since we are on the current taxation policy that

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

we have of mass appraisal and last and highest best use and pricing. So, you know, Chairman, I'm open. I think there's a need for us to have more talk. I think there's a cap, I can support a cap that is in your proposal. I'm thinking, you know, there's maybe a need to marry some of your things with Mr. Guzman's proposal. I think I see merits in both proposals, and I think that I agree with my colleague from Kahului, I think, you know, we may not have the perfect bullet but I'm happy to do what we can for the short term and make those reasonable adjustments. Reasonable adjustments, Chairman. And I thank you for letting me bring up our situation with Lanai. Thank you.

CHAIR WHITE: Thank you. And I believe the vast majority of the homes on Lanai, the structures would be valued significantly below the 400,000 level. Would that be correct?

MR. TERUYA: Yeah, that would be correct. I think the majority of the homes in Lanai, total value are little bit less than 300,000. You know I think for this body to move forward if we still kept it at 400,000 for the existing year and maybe looked at an amendment to maybe tie it back to median of Homeowner class buildings, that might be a way to capture it from moving in future years.

CHAIR WHITE: Yeah, I think the testimony regarding either inflationary or tying it to some number so that we don't have to come back and adjust it continually is also appropriate. So we'll be incorporating Mr. Guzman's recommendations and others into the new draft. Are there any other items that you feel you would like to include, Members? No further comments? Okay, well as I stated, the...oh, Mr. Couch.

COUNCILMEMBER COUCH: Just can I get an explanation of why we have the home exemption for five years?

CHAIR WHITE: My recollection is that that was...the initial reason for that was that instead of making it available to people that as soon as they move here, we had a five-year timeframe within which they had to have a homeowner exemption before they could apply for the Circuit Breaker. So that's why I'm comfortable with Mr. Guzman's amendment because it simply says...I mean it covers all the eventualities that might occur if you're moving, you know, moving from one house to another.

COUNCILMEMBER COUCH: Understood on that. The concern I had is what a testifier said, maybe an inheritance that was a rental before and now you're moving into it and have low income, whatnot. So that doesn't clarify that. But a lot of the stuff that we're talking about back and forth can be handled. We can do all the amendments that Mr. Guzman and you, you know, if you want to combine those, but if stuff still falls through the cracks if we can throw in the appeals...

CHAIR WHITE: I think your --

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

COUNCILMEMBER COUCH: Yeah.

CHAIR WHITE: --appeal idea provides us a good --

COUNCILMEMBER COUCH: Yeah.

CHAIR WHITE: --stopgap or a safety measure.

COUNCILMEMBER COUCH: Okay.

CHAIR WHITE: So I'm comfortable with that --

COUNCILMEMBER COUCH: Thank you.

CHAIR WHITE: --and would appreciate your help on language. Yeah, the Chair's intent is to incorporate the things that we've discussed today and come back to you with a new bill at our next meeting next Tuesday. And if there are no further comments maybe we can move on to the last item on the bill even though we don't absolutely need to address it today. We've lost Ms. Baisa but we still have quorum to...Staff, do you have any...you know what, let's just take a quick recess. . . .(gavel). . .

RECESS: 11:48 a.m.

RECONVENE: 11:55 a.m.

CHAIR WHITE: . . .(gavel). . . This meeting of the Budget and Finance Committee will come back to order. Members, the Chair appreciates the testimony this morning and the participation by the Members and the Department, and we will craft a draft for consideration at next week's meeting on the 17th. And we will be...and without objection, the Chair would like to defer BF-74 until next Tuesday.

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS (excused: GCB, MPV).

CHAIR WHITE: Okay.

ACTION: DEFER pending further discussion.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

**ITEM NO. 105: AUTHORIZING THE TRANSFER OF AN
UNENCUMBERED APPROPRIATION WITHIN THE
DEPARTMENT OF FINANCE FOR FISCAL YEAR 2014**
(CC 14-46)

CHAIR WHITE: Also because we're not in dire need of passing the other measure, we've passed out one simple spreadsheet regarding BF-105 for your review, and we'll take up BF-105 at our next meeting on Tuesday as well. That's been duly posted. So with that I would like to defer BF-105, without objection?

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS (excused: GCB, MPV).

CHAIR WHITE: Okay.

ACTION: DEFER pending further discussion.

CHAIR WHITE: Thank you, Members. And the Staff will be coming to those of you who have offered suggestions and amendments and asking for your assistance or clarification as we craft the bill for next Tuesday. So I think it's been a very, very good discussion and I think we're moving in some very positive directions. You know the Chair's feeling is if we're going to move, you know, we've always been hesitant to move from AGI to gross income but I think that's the way we should go, and if that's the direction that we move then the Chair is comfortable with some of the other modifications that have been discussed. So and I think Mr. Couch's comment or suggestion about an appeal opportunity is also a very good one to provide a safety measure so that somebody can have a second look at their application. So with that we'll defer these two matters, and thank you for being here today on an off day. And we will adjourn and we will see you next Tuesday. Mahalo. . . .(*gavel*). . .

ADJOURN: 11:58 a.m.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

APPROVED:



MIKE WHITE, Chair
Budget and Finance Committee

bf:min:140610:ds

Transcribed by: Daniel Schoenbeck

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

June 10, 2014

CERTIFICATE

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

DATED the 17th day of June, 2014, in Kula, Hawaii



Daniel Schoenbeck