

**BUDGET AND FINANCE COMMITTEE**  
Council of the County of Maui

**MINUTES**

**February 17, 2015**

**Council Chamber**

**CONVENE:** 9:31 a.m.

**PRESENT:** Councilmember Riki Hokama, Chair  
Councilmember Mike White, Vice-Chair  
Councilmember Gladys C. Baisa, Member  
Councilmember Robert Carroll, Member (out 10:12 a.m., in 10:13 a.m.)  
Councilmember Elle Cochran, Member  
Councilmember Don Couch, Member  
Councilmember Stacy Crivello, Member (out 10:45 a.m., in 10:48 a.m.)  
Councilmember Don S. Guzman, Member  
Councilmember Michael P. Victorino, Member

**STAFF:** Michele Yoshimura, Legislative Analyst  
Mark R. Pigao, Legislative Analyst  
Yvette Bouthillier, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)  
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)  
Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

**ADMIN.:** Sananda Baz, Budget Director, Office of the Mayor  
Scott Teruya, Administrator, Real Property Tax Division, Department of Finance  
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery:

Mark R. Walker, Deputy Director, Department of Finance

**OTHERS:** Warren Watanabe, Executive Director, Maui County Farm Bureau  
Sydney Smith, President, The Maui Coffee Association

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Annette Niles  
Bill Greenleaf, Farmers Union  
David Florence  
Rosemary Robbins  
William Jacintho, President, The Maui Cattlemen's Association  
Bobbie Patnode, Vice President, Kula Community Association  
Ryan Churchill, President, Maui Land and Pineapple Company  
Others (5)

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

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CHAIR HOKAMA: . . . *(gavel)* . . . The Council's Committee on Budget and Finance shall come to order. This is the Committee's meeting of February 17, 2015. We have one item for today's meeting that is BF-70 under the heading of Disparity of Real Property Assessments for Agricultural Versus Non-Agricultural Lands. Before we start, we shall take public testimony as stated on the agenda, today's meeting. Anyone wishing to provide testimony has three minutes and three minutes only. We'll assist with your time. When you start, the green light will go on. At the 2 minute, 30 second mark, the yellow light will go on which will indicate you have 30 seconds to conclude. At the three minute mark, the red light will go on and a buzzer will indicate that your time has expired. If you are in mid-sentence, please finish your sentence and your testimony at that point. With that we shall, oh, please turn off all of your equipment and devices that may disturb this meeting please. Thank you. We'll ask our Hana Office first. We'll ask Ms. Lono if there is anyone wishing to provide testimony for today's meeting?

MS. LONO: Good morning, Chair. This is Dawn Lono at the Hana Office and there is no one waiting to testify.

CHAIR HOKAMA: Thank you. Ms. Fernandez, Lanai, is there anyone wishing to provide testimony?

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

CHAIR HOKAMA: Thank you. On Molokai, Ms. Alcon, anyone wishing to provide testimony?

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

CHAIR HOKAMA: Okay. Thank you. We shall start with the Chambers, Members. We'll ask first, Mr. Warren Watanabe. He will be followed by Sydney Smith.

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**. . .BEGIN PUBLIC TESTIMONY. . .**

MR. WATANABE: Good morning, Chair --

CHAIR HOKAMA: Good morning.

MR. WATANABE: --Hokama, Members of the Committee. My name is Warren Watanabe, Executive Director of the Maui County Farm Bureau. The Maui County Farm Bureau on behalf of our commercial farm and ranch operations and organizations supports with comments, BF-70, amending the Real Property Tax structure for agricultural lands. MCFB appreciates the tremendous amount of work undertaken by the Committee. Focus on production agriculture. The real intent behind agricultural real property tax discounts is in the best interest of the County. We also support and agree with the need to identify lands committed to production agriculture to direct resources and infrastructure development while carving out those utilizing agriculture as a means to get a break on their property taxes. Based on our experience and knowledge of agriculture on Maui, we provide the following comments. 1. Research Use: The University of Hawaii Cooperative Extension Service occupies lands conducting research critical to Maui's agriculture. This use should be recognized as agriculture with long-term dedication as the land will not be used for other purposes. Dedication: Designated IAL lands cannot be used for uses other than agriculture. Conversion to other uses requires LUC approval. Should there be a designated IAL category? Extension requirements for this category would appear to be moot. Waiver of tax and penalty: Item 4 should include droughts in addition to floods as well as acts beyond control such as vandalism or theft. Again, Maui County Farm Bureau appreciates the efforts that have gone into creating this measure. We look forward to working with you to your final implementation. Thank you.

CHAIR HOKAMA: Thank you, Mr. Watanabe. Members, any questions for the gentleman on testimony provided? Having none, thank you very much for your presence.

MR. WATANABE: Thank you.

CHAIR HOKAMA: We'll ask for Sydney Smith, and following Sydney Smith will be Annette Niles.

MS. SMITH: Good morning, Councilmembers.

CHAIR HOKAMA: Good morning.

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MS. SMITH: My name is Sydney Smith. I'm the current President of the Maui Coffee Association and a member of the Ag Working Group. The Ag Working Group was formed to help fight the changes put forth in the original version of BF-70 several years ago. We've worked diligently for three years, meeting with department heads, including Scott Teruya of the Real Property Division. We are well aware that there needs to be changes to the current method of assessment, valuation and taxation. We have worked to create a comprehensive definition of agriculture to be used by all departments and have reviewed the code and administrative rules for each department that affect farming and ranching: Real Property Tax, Planning and Water. This bill changes assessment valuations to market value rather than ag land value and for dedication to be the only option for working farms rather than the current working ag, non-working ag or dedication options that we have now. If there's one thing farmers and ranchers have in common, it's dedication. We're dedicated to hard work and doing the best job we can, given the limited labor and water resources we have here in Maui County. But the only option in this bill that comes close to the working ag rate we have now is the 20-year dedication. Given the average age of farmers and ranchers here in our community, which is already retirement age, I don't see a lot of them signing up for the 20-year option. In 20 years, most of us will be dead. The only other viable option is the ten-year dedication and for my own farm, this option would still more than double my current tax rate. With all the other challenges facing farmers these days, I'm sure this will eliminate the remaining farmers and ranchers we still have here. New Federal Food Security Guidelines, higher labor cost, higher energy cost, higher insurance cost, more and more paperwork, now doubling the property taxes. Something farmers and ranchers are really good at is arithmetic and this doesn't add up. Please defer this draft and let the Ag Working Group be a part of creating changes to our Code that will encourage farming and ranching because this will be the death of it. Thank you.

CHAIR HOKAMA: Thank you for your comments this morning. Any questions for Ms. Smith on her testimony, Members? Having none, thank you for your testimony --

MS. SMITH: Thank you.

CHAIR HOKAMA: --this morning. Annette Niles, and will be followed by Bill Greenleaf.

MS. NILES: Hi, good morning, Chair. Good morning, Council.

CHAIR HOKAMA: Morning.

MS. NILES: My name is Annette Niles, farmer/rancher. I'm also on the Ag Working Group. I'd like to make just a few comments on the BF-70. You know, we do

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need the dedication, but we have got to watch the values of it, you know. And a lot of, it's gonna hurt a lot of farmers and a lot of ranchers and, but also, this morning's paper, I just, I read it this morning about Canadians buying out Maui property. What's gonna happen and I'm scared that's gonna happen, is they're gonna give up and we're not gonna have any more farmers and ranchers and they're gonna start selling. And we're, just Maui's gonna be a big development. This is gonna be for the rich. It's not gonna be for us farmers and ranchers and that's a lot of concern to most of our farmers and ranchers. Then also a comment on, I just wanted to make on also by going on the dedication with the amount of money, going through, what we go through with the Water Department for our ag water rates, I think we should be following them, too, and that would give us the G-45, so the State would be also, they would have to show the State fund, you know what we pay in State, you know. And I mean, I could go on forever, but I don't want to keep up, keep anybody's time up, but anyway, I'd like to see it deferred for a little bit so we can kinda work on it and get some of this stuff together and get more people here, you know, like our farmers and our ranchers and more people that cannot be here today. And that's all I got to say. Thank you.

CHAIR HOKAMA: Thank you, Ms. Niles. Any questions for the lady? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you, Ms. Niles, for being here. Now you're the second person who had some concerns with the dedication. It's my understanding through reading through this that, you know, if you dedicate for 20 years, you probably get your normal rates, and like the previous testifier said that a lot of people won't be around. But the whole idea is for, that if the land does get sold and they pay the back taxes owed because of the valuation, if the land stays in the family and still is farming, is farmed, then I would think the dedication kind of ensures farming. Unless somebody, you know, one of your, the Canadians that come over and buys the land, they have to pay the back taxes to all that. So I'm just curious as to why that...

MS. NILES: I understand that, but if this was 30 years ago, I tell you, yeah, I literally give you the 20-years dedication. Right now, the obstacles that we face, which is food safety rules and all of this, people cannot keep their properties. I'm telling you this is gonna kill farming and ranching, you know what I mean. It's gonna be hard. It's hard already. We have a hard time. I mean, look at our taxes, our truck taxes. ...*(Inaudible)*... \$500 for my truck and literally do I go, my farm is not too far, you know, and the amount of money so. The challenges we face, property tax is, the hearings not up yet, I mean, they're gonna decide this year, right, on the value of property. We getting this ahead of the property value, you know what I mean, so I thinking it's gonna really hurt. I mean, I do want the dedication, believe me, I'm dedicated. I've been dedicated for years and years and years, you know, and I love the dedication 'cause you know

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that's a true blue farmer and a rancher, but I foresee it hurting a lot of people also, and that's my take.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you very much. Any other questions for the, Ms. Niles, on her testimony? Thank you for being here this morning.

MS. NILES: Thank you.

CHAIR HOKAMA: We appreciate it. Bill Greenleaf, and following him will be David Florence.

MR. GREENLEAF: Good morning, Chair. Good morning, Councilmembers.

CHAIR HOKAMA: Good morning.

MR. GREENLEAF: My name is Bill Greenleaf. I'm a partner at Greenleaf Farm, Farms. We actually have four farms we're working now, four properties and I represent Farmers Union. Dedication is something that is a, it's a wonderful way of allowing farmers to just put it in dedication and then they don't get visited by any inspectors or there's no future conversations about it until that dedication is finished, that time has gone up. I agree, I'm 67, so I'm in the same place as the two farmers that spoke before me. If I put it into dedication for 20 years and then my family can't keep the property and they have to sell it and suppose I die in 12 years, then, and I farmed for the 12 years, that's a concern. They'd be liable for those practices when I was actually in compliance with the law. I think in the Ag Working Group studies with RPT and Water, what we've learned is that \$1,000 threshold is something that requires RPT and Water to approve some properties that they're concerned aren't really Ag properties and I think that's at the heart of all this. Nobody wants to, we understand, the Council doesn't want to do anything to hurt agriculture and at the same time, trying to deal with cheats, ends up hurting people that are really doing what they're, what we all want more people to do. Going forward in time, Maui is going to find their agricultural industry emerging in the two to five-acre property. The large property tracks are gonna continue to exist and we may get some more, but the real bulk of farming across the world, according to International Commission on Agriculture, is in the two to five-acre properties, 70 percent of the world's food. And we're talking about Africa and Asia and, but Hawaii, that was the Hawaiian agricultural model until the plantations came. Prior to that, it was small-holder properties. We're gonna go back to that. And what I would advocate is No. 1, there's only 800 ag water users, so I would say it's similar for RPT. Satellite imagery can easily identify concerning properties and it's not gonna be that many. Inspectors can go out and determine if that is being used properly and then give them time to get in either compliance or shift

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their, how they're taxed. And I would recommend also that we send this over to Ag Working Group, let us make some suggestions with all due respect and then meet again on this subject where maybe we can all, we're all working from the same place. Thank you very much.

CHAIR HOKAMA: Thank you, Mr. Greenleaf, for your comments this morning. Any questions for the gentleman? Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair, and thank you, Mr. Greenleaf. You said let the Ag Working Group take a look at that. I thought that that's what they've been doing for the last few years or a year or so?

MR. GREENLEAF: Well, we've been meeting twice a month for almost two, it'll be two years in July, so a year-and-a-half. And it's been quite a learning curve for us to understand everything that you all deal with. I'm sure you've been through that. And we've met with the different department heads and we are ready to make some recommendations and we have looked deeply into this subject, so this bill is something that we're well-versed in and would like to participate in.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR HOKAMA: Any other questions, people? Okay. Mr. Greenleaf, thank you for your comments this morning.

MR. GREENLEAF: Thank you, Chair.

CHAIR HOKAMA: It's appreciated. David Florence, and following him will be Rosemary Robbins.

MR. FLORENCE: Good morning.

CHAIR HOKAMA: Good morning.

MR. FLORENCE: My name is David Florence and with my wife Sandra Florence, have lived in Haiku for 30 years on 2 acres, zoned Ag. Good morning to the Council, and a special aloha to our dear friend, Gladys. I'm gonna take my 25 pages of single-spaced notes and discard them and simply embrace the comments made by Sydney Smith to the letter. Thank you very much for your time this morning. Aloha.

CHAIR HOKAMA: Thank you, Mr. Florence. And, Mr. Florence, if you wish, any portion of your testimony you've prepared that you would like to submit, we are happy to receive it if you choose to do so.

MR. FLORENCE: I'm going to spare you suffering through it.

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CHAIR HOKAMA: Thank you, sir. We'll ask Rosemary Robbins if she would come forward, and following her will be William Jacintho.

MS. ROBBINS: Good morning, everybody.

CHAIR HOKAMA: Good morning.

MS. ROBBINS: Rosemary Robbins. Little piece of history from this educator, I'm seeing a lot of people whose works I went through in that voluminous collection of papers on this issue and neighbors from Upcountry. I would like to just let everybody know that it was on September of 2011 when a member of our County Council got in touch with the Budget and Finance Committee at that time and gave them a heads-up that indeed there was gonna be a request, a proposal for an investigative committee on this. I'm looking at the County Council now and I'm looking at the four people on the Council then on the Council now, who indeed became the first part of that group and that was on December 4 of 2011, so this has been in the works for some time. And the issue that they were going to be and have addressed has been to make findings and recommendations, I'm reading that now, on policies relating to the apparent disparity dot, dot, dot of real property assessments. So it's been a problem for a long time, it's been being worked on for some time. The last time this was taken up anywhere near seriously was in 1981, so overdue time. Within that collection of papers that I went through yesterday, and those are all available now on the seventh floor for anybody to go and read. They'll give you a desk. They'll give you a chair. They'll give you the binder and you get a chance to take your own notes. But one of the things that was in there was how do ag values compare in different areas? So speaking of geography and the answer was that Ag values can vary widely in different locations even when lot sizes, ag use and home sites are similar. Another one of the questions that they dealt with is, how do Ag values compare with Residential lot values and the findings were that the small Residential lots are assigned much higher dot, dot, dot tax values than large Ag parcels. It's for sure we need the large Ag parcels. There was also a question in there, how does Montosanto's [sic] land tax compare with other local businesses? The answer they found was even a small commercial lot in Wailuku pays more land tax than Monsanto's 300-plus acres and all of Maui's businesses pay exponentially more land tax than the multi-billion dollar international corporation pays for its Kihei land. There are maps in that collection in that binder that talk about local folks and they're paying from 8 times more land than Monsanto to their paying more than 72 times more...yikes. So please know that these folks have been working hard on this. Please know that there are questions that have been brought up, have been answered, some of those end up with dot, dot, dots because they know that all the answers are not finished, but they are certainly working on them so the people who are volunteers in the community thank you, the concerned

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citizens and our elected representatives who have been working on this. Thank you.

CHAIR HOKAMA: Thank you, Ms. Robbins. Any questions for the lady on her testimony, Members? Having none, Ms. Robbins, thank you again for being here.

MS. ROBBINS: You're welcome.

CHAIR HOKAMA: Mr. Jacintho and he will be followed by Bobbie Patnode.

MR. JACINTHO: Aloha, Maui County Councilmembers.

CHAIR HOKAMA: Good morning.

MR. JACINTHO: Thank you for your patience with the Maui ag industry during the deferred period of the proposed BF-70 homesite bill. I am William Jacintho, President of the Maui Cattlemen's Association. Before I go on, I kinda wanna, I think it's real important that the Council understands that the Ag Working Group has been diving into this thing for several years as previous testifiers have said. However, this particular draft hasn't come to the committee for review and I think it will be very important if it would, especially for the amount of time that the 20 dedicated people have spent on it. I think that would be really great if that could happen. I'm gonna skip the background and jump into some concerns regarding the Homesite Bill according to our, you know, I do talk to our cattle people, not just show up here with just what I think. The concerns are the rate, what rate will RPT use? Are they gonna charge us the Ag zone rate or the Residential rate or Homeowner rate or Commercialized Residential rate? Our homes are used as part of the farm and ranch function operations. We have no clarity or solid numbers that tell us how much it would change people's agriculture tax bill. I am very concerned about taxing a home site, Ag homesite at market value because our market values Upcountry are very, very high compared to values say in Kahului. As a result, we could be paying twice as much tax for a homesite. I ran some numbers to get an idea of how much there was to gain from ag dedication. A 5-year dedication at a \$1 million value would pay almost \$3,000 in taxes. A 10-year dedication with an 80 percent deduction of market value at \$1 million would cost \$1,172. A 20-year dedication with a 98 percent deduction, which by the way, I really felt that was like over generous when I looked at the number and then I ran it with my high school math and says, you know, we came up with \$118, that seems to be the only one if you compare the \$250 that we pay as a minimum. The minimum income at \$2,500 based on HASS Statistics, you would need 91 acres to produce \$2,500 in cattle sales per year if you are in Kula. The light is catching me. There are other suggestions, language below, please go over it and seriously look at 'em. These come from the ranchers from the heart. Also

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submitted is testimony from Kaupo Ranch and they have some very heavy concerns and please take a look at that one. Thank you.

CHAIR HOKAMA: Thank you, Mr. Jacintho. Any questions for the gentleman? Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, Mr. Chair. I wanted to ask Mr. Jacintho, he said testimony from Kaupo Ranch and I cannot find anything. Yeah, I don't have anything in our files.

MR. JACINTHO: I turned 18 copies in this morning at the desk, so they should be there.

COUNCILMEMBER VICTORINO: You guys have it?

MR. JACINTHO: Shortly, yeah.

COUNCILMEMBER VICTORINO: But we don't have it.

COUNCILMEMBER BAISA: We haven't seen it.

COUNCILMEMBER VICTORINO: Okay.

CHAIR HOKAMA: The Staff will disseminate it to all Committee Members.

MR. JACINTHO: Yeah that came from the Ranch Manager, Bobby Ferreira.

CHAIR HOKAMA: Okay. Thank you.

MR. JACINTHO: He's on Kauai today.

CHAIR HOKAMA: Ms. Baisa.

COUNCILMEMBER BAISA: Thank you very much, Mr. Chair, and thank you, Mr. Jacintho, for being here this morning.

MR. JACINTHO: Thank you.

COUNCILMEMBER BAISA: The bottom line I'm getting out of your testimony is that you feel that you'd like to see this draft have some time with the Ag Working Group so that you can form a better position or recommendations because you haven't been able to look at this particular draft?

MR. JACINTHO: Correct. And this, you know, I think everybody supports the intent.

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COUNCILMEMBER BAISA: Yes.

MR. JACINTHO: Very much. No doubt about it. But just the words, it's very tricky, so many people are in different situations and that's why it's taken the group so long to go over it because we go through scenarios and things like that.

COUNCILMEMBER BAISA: Okay. Thank you.

MR. JACINTHO: Thank you.

CHAIR HOKAMA: Other questions for Mr. Jacintho? Having none...

MR. JACINTHO: Thank you.

CHAIR HOKAMA: Hold on, please. Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Jacintho, I know you want this to go to the Ag Working Group and I commend you for that. Just wanted to talk about, because we haven't seen your written testimony and the other testimony, the dedication issue, it's my understanding that the cattlemen have a kind of a concern with the dedication issue as well, is that on property that is owned by the ranchers themselves or are they worried about it because they lease it from somebody else?

MR. JACINTHO: It's, I'm glad you mentioned that because it's a two-fold. Some of it, people lease and they have contracts and in the lease, some of it says you pay the tax. Some people aren't willing to dedicate. They have their own personal reasons, so a lot of it is lease land. Most ranchers don't own their land except the, you know, the big ranch companies. And it's mostly how the rates are kinda set in the dedication right now on this bill that is not finished, so you know, maybe that can be tweaked. It's something that can be work, you know, workable, but as it stands, it would hurt.

COUNCILMEMBER COUCH: Okay. What about the waiver of retroactive tax and penalty, have you guys looked at that yet or, because it says there that the Department can --

MR. JACINTHO: Right.

COUNCILMEMBER COUCH: --waive if the family dies. I know another testifier said, well, if I die in 12 years.

MR. JACINTHO: Correct. And my understand, according to the bill, they'll be like a committee made up or a commission and I think, I don't know if the Director has the full say on the waiver or it goes to the committee or commission.

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COUNCILMEMBER COUCH: According to this, it looks like it's the Director and that might be something...

MR. JACINTHO: We have a concern on that because, you know, you have a Director today, that's fine working with, you have a Director later on you don't know so it's kinda good if it has a committee, and I think if the Council kinda has a little bit of say of who's on the committee instead of just one person, the Mayor, because it sounds like a three-person committee with two alternates. It's a very small pool to make big decisions for people.

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

MR. JACINTHO: Thank you.

CHAIR HOKAMA: Okay. Thank you very much. Any other questions for Mr. Jacintho? Having none, thank you very much --

MR. JACINTHO: Thank you.

CHAIR HOKAMA: --for your comments this morning. We'll ask for Bobbie Patnode's comments, and following her will be Ryan Churchill.

MS. PATNODE: Aloha. My name is Bobbie Patnode. I am Vice-President of the Kula Community Association. I will testify first for the Association and then for myself. The Kula Community Association has not had a chance to meet and review this new version of BF-70. Our next board meeting is March 3<sup>rd</sup>. We request that the bill be deferred until the community has had a chance to review the significant changes that are proposed in this bill. Now testifying for myself, thank you for bringing to the Council the important topics of agricultural dedication and agricultural land assessment; however, this bill in its current form has several issues and I oppose the bill. First, this bill proposes that Ag land be valued at market value, not at ag use value as it is today. The method of use value was implemented in the United States in the '60s to '90s as a way to slow suburban sprawl and to assist the small farmer and encourage agricultural production. Almost every state uses use value to assess Ag land. Different methods are used to penalize those who sell dedicated land. Dedication is most effective in slowing development sprawl when the penalties are most severe for selling, but it doesn't work entirely. Use value and dedication must be accompanied by other legislation protecting land in order to be truly effective. Important Agricultural Lands are protected by Hawaii State laws and it is the duty of the counties to implement this legislation. This legislation includes requiring incentives for preserving the lands including specifically, to value the land at use value and not fair market value. I believe BF-70 is in conflict with the intent of Hawaii State law. Changing our method

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of valuation to market value would have a huge impact. I would encourage the Council to study the impacts of this change carefully and become fully aware of the probable unintended consequences before voting. In fact, I would suggest a study be done so that the Council would have all the necessary data, especially the impact to revenue should all Ag land become dedicated at the 20-year rate and the impact to farmers should the market value return to 2008 prices. Second, this bill creates an Agricultural Dedication Advisory Commission to advise the Director on matters pertaining to Ag dedications. While I think this would greatly help the Finance Director, I know that such a body would benefit other County departments as well. Why limit their work to only Ag dedication? I also think that the people on the commission should come from other sources than solely the Farm Bureau, for example, the two Farmers Union chapters on Maui or the general public, as Maui County citizens are regularly encouraged to volunteer for commissions. I also wonder why this creation of an ag commission is in a finance bill. Dedication has been discussed as a way for the County to know if an Ag water consumer should receive the Ag water rate as well as a way for the Planning Department to know if rules regarding legitimate uses in the ag zone are to be applied. There are broader impacts to the ag community in redefining how dedication is implemented or who is allowed to dedicate than just an assessment of Ag property. Third, what...

CHAIR HOKAMA: Thank you for your testimony. You've exceeded your time. We'll be happy to take whatever written testimony...

MS. PATNODE: I have it. I gave a copy to the Council.

CHAIR HOKAMA: Okay. Thank you. Any questions on what Ms. Patnode has presented in testimony?

COUNCILMEMBER VICTORINO: Chair?

CHAIR HOKAMA: Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah, Chair, thank you. And, Ms. Patnode, you know, No. 3, I was very interested in your take on number, your third, what land can be dedicated. Could you elaborate real quickly what that, what you were trying to refer to in that number, third, what land can be dedicated, you know, on your testimony?

MS. PATNODE: Yes. Back in 2012, there was a lot of deliberation and discussion and testimony from the public about including the homesite as part of the land that could be dedicated. And we know that the public testified over and over that our homes are used as part of our farm, so my suggestion is that if land is dedicated, that the farm homesite be included as part of that dedicated land.

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COUNCILMEMBER VICTORINO: Okay. Thank you. Thank you for that clarification. Thank you, Chair.

CHAIR HOKAMA: Okay. Any other questions, Members? Thank you very much for your testimony. Mr. Churchill, you're next.

MR. CHURCHILL: Good morning, Chair and Members of the Budget Committee. My name is Ryan Churchill with Maui Land and Pineapple Company. I'll make this short. We oppose the bill as written and suggest it be deferred to allow more time for further review and modification. Thank you.

CHAIR HOKAMA: Okay. Any questions for Mr. Churchill, Members? Thank you very much for your testimony. Okay. Since we have no one else asking for testimony today, Members, we'll check our Regional Offices. Ms. Lono, anyone in Hana, East Maui, wishing to share comments?

MS. LONO: The Hana Office has no one waiting to testify, Chair,

CHAIR HOKAMA: Thank you. Lanai Office, Ms. Fernandez?

MS. FERNANDEZ: There is no one waiting to testify on Lanai.

CHAIR HOKAMA: Thank you. Ms. Alcon, Molokai Office?

MS. ALCON: There's no one here on Molokai waiting to testify.

CHAIR HOKAMA: Thank you very much, ladies. Members, with no objections, we shall close testimony for today's meeting.

COUNCILMEMBERS VOICED NO OBJECTIONS.

**. . . END OF PUBLIC TESTIMONY. . .**

CHAIR HOKAMA: Thank you. Testimony is closed. Thank you, ladies. Members, with no objections, we'll accept all written testimony that has been submitted for today's meeting.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR HOKAMA: Thank you. We'll accept those written testimonies.

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**ITEM NO. 70: DISPARITY OF REAL PROPERTY ASSESSMENTS  
FOR AGRICULTURAL VERSUS  
NON-AGRICULTURAL LANDS (CC 11-227)**

CHAIR HOKAMA: Couple things, Members, we have from the Staff a small summary of the tabs, the five tabs that you have in your binders. Tab 1 is a Computer-generated presentation entitled, "Disparity in Real Property Tax Assessments"; Tab 2 is the memo from the Chair of the Temporary Investigative Group November 4, 2011 on the group's findings and recommendations; No. 3, you have a computer-generated presentation entitled "Budget & Finance Temporary Investigative Group Report"; Fourth tab is a computer-generated presentation under the heading of "Budget & Finance Committee's Homesite Bill Summary" and No. 5, we have photographs from Mr. White. So that's what the tabs mean. It is your Chair's intent today to go through the initial review of this proposal. The Chair did, you know, hear the testimony, so we are going to give some time, but I may assure you, Members, we will bring this back sooner than later 'cause I'm going to make us have, make a decision on it. One way or the other, we are going to make a decision on dedication and I'm going to make it sooner than later. At this time I'm gonna ask Mr. Teruya if he has any opening comments or Mr. Baz? Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. Good morning, Members. Just a, we did discuss this. Administration, Mayor is supportive of the intent of this bill and would like to see something moved forward like you mentioned sooner than later. Thank you.

CHAIR HOKAMA: Okay. Thank you for that, Mr. Baz. Mr. Teruya, any comments you wish to share at this time? We did make some adjustments to the legislation proposal and I'm going to ask Mr. Ueoka if he has any comments he wants to share at this time?

MR. UEOKA: No, thank you, Chair. I'm available for questions, though. Thanks.

CHAIR HOKAMA: Okay. Thank you for that. Okay. Members, if I can direct you to the proposal that's attached to...we have a newer one from the, than the 11<sup>th</sup>?

UNIDENTIFIED SPEAKER: We only have the 11<sup>th</sup>.

CHAIR HOKAMA: Just the 11<sup>th</sup>? That's the newest one? Okay. If I can direct you to the memo from February 11<sup>th</sup> from Mr. Ueoka to the Committee, we'll just go through it, Members, and again, this is our, your first review. Couple of things, one, the proposal did take into account comments from the TIG. We did take into account also, family subdivisions. We took into account dedication, various lengths of dedication periods. We also took into account market versus use values, and later on, Mr. Teruya can tell you how the sister counties are

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approaching the similar issues and subject that we're facing. Also regarding the use, we've heard testimony about using the home for agricultural purposes. Well if that's very accurate under the current taxation, they don't qualify for homeowners as I understand our law. So that's something we need to work on if we go by the strict interpretation and versus the practice that the County utilizes. So we're gonna do as best we can to get this updated to the 21<sup>st</sup> Century agricultural requirements, people. 3.48.005 is Definitions. So you see, what we have done is instead of amending various sections of the current Title, we have, proposing to delete those sections and put it in a new section of the County Code and that is why you see a lot of underscoring. I have us writing a new section of Title 3, Taxation and Revenues chapter of the Code. Any questions on the Definitions part, Members, at this time? Mr. White.

VICE-CHAIR WHITE: Thank you, Mr. Chair. I know that you and the, as some of the testifiers mentioned, you and members of what's now the Ag Working Group, met to put together a draft that you submitted back in 2012, I believe. Is there some way that we could identify which, what changes have been made to the current draft from that draft that was agreed upon back in 2012?

CHAIR HOKAMA: I gotta check with the Staff. Michele, can...you know, we'll take a short recess, Mr. White, so we can respond properly.

VICE-CHAIR WHITE: Okay.

CHAIR HOKAMA: Chair will take a short recess. . . .(gavel). . .

RECESS: 10:12 a.m.  
RECONVENE: 10:17 a.m.

CHAIR HOKAMA: . . .(gavel). . . We shall reconvene the Budget Committee. And again, in further comments to Mr. White's question, we really don't have a comparative chart per se. It was simpler when we're just revising the existing sections. We took a recommendation to rewrite the, a whole new section, Mr. White, instead of amending current sections, so \_\_\_\_ that phrase lost in translation about comparisons. So what I'm gonna do is just go through the proposal that we have as attached on the 11<sup>th</sup>, February 11<sup>th</sup>, things and I want you guys to think about some of this information that we currently have as of presently. With ag dedication currently in the County, we have 634 parcels. It currently receives a \$4.1 million General Fund subsidy. But we also have another 4,145 parcels doing agricultural activities with non-ag dedication. And they currently are having a \$15.2 million General Fund subsidy. This County is putting out a subsidy of \$19.3 million to agriculture and that is gonna change under my leadership. So we shall make the whole community informed of how agriculture works in this County, who gets the benefits, how they get the benefits, why they get the benefits. Some needs to meet Constitutional

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requirements, some needs to meet some of the provisions of Charter and ordinances of this County, but as I've, I have stated earlier, Members, we are coming to a time where zoning categories and Real Property Tax structure needs to be addressed and we need to make sure that we put back the integrity and confidence that those two key components of County government, we put back as a confidence back in our people that is something we're watching, is something we need to make those adjustments and for us, it's about financing the people's business and their needs and their services as mandated by the Charter. So stating that, under Definitions, the one area I will tell you that we did think hard of because we did have various comments as we were working on it is, what is a tree farm? We can laugh about it, but for most tree farms, you do not have cash flow, the early years, you have to wait 'til your crop is matured enough for requirements of harvesting and product development that, I think, mac nuts is what, seven years for first harvest. So we made those, we took those under consideration. Again, we referred back to the Revised Statutes, Chapter 186 for those things. Any questions under Definitions at this time, Members? Okay. If not we'll move...

COUNCILMEMBER GUZMAN: Chair?

CHAIR HOKAMA: Yes, Mr. Guzman?

COUNCILMEMBER GUZMAN: For the, thank you, Chair, for the definition, Agricultural use, I know that the last term, Chair, yourself wasn't involved or in terms of being a member of my EAR Committee, but we did present in Committee a definition for Agricultural use, but it hasn't yet been fully vetted. But I also would like to propose looking at that maybe at, in a, in conjunction with the definition that you have here, so I'll present that to you in writing.

CHAIR HOKAMA: Okay. No, thank you.

COUNCILMEMBER GUZMAN: Thank you.

CHAIR HOKAMA: We appreciate that, Mr. Guzman. And again, Members, this is just the first pass, you know. The Chair's not asking for any decision. We're just gonna go through it, take comments, take into account some of the testimony received. Anything else under Definitions at this time? Okay. Yes, Mr. Couch?

COUNCILMEMBER COUCH: Mr. Chair, you mentioned tree farms and I haven't had a chance to look at HRS 186, but and in your example you mentioned basically a fruit or a nut-bearing tree. What about ornamental trees or flower trees, like Protea? The ornamental trees would be the Royal Palms, where people growing palms to sell to landscapers. Is that defined in there? I know the example you gave was fruit/nuts.

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CHAIR HOKAMA: Yeah. Michele, do you recall our discussions on ornamental trees? You know, we talked about a lot of kind of trees there, mister...

MR. TERUYA: Chairman?

CHAIR HOKAMA: Mr. Teruya, if you would please.

MR. TERUYA: Within that Code, it already mentions it says to landscaping or the planting of fruit or ornamental trees, flowers, vegetables for home use, yeah. So it's a matter of whether or not the use is for commercial or just self, for the self, I guess, to say. But I think, currently, the Division would apply it if it meets the test of the plant. And like I mentioned, it makes it easier in the proposal is that it has an advisory board to make that determination of what is the intent of the farm.

COUNCILMEMBER COUCH: Okay.

CHAIR HOKAMA: Other questions?

COUNCILMEMBER COCHRAN: Chair?

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you. And so doesn't just need to be fruit or nut-bearing, is that right? It can be for building materials such as koa and other types of woods? What if we want to re-store --

CHAIR HOKAMA: That would be under commercial, yeah?

COUNCILMEMBER COCHRAN: --iliah? Okay. So that would be, I mean we wouldn't be harvesting these, but you're gonna designate a big portion of land in propagating a endangered-type specie of some kind to, you know, generate hopefully more where it becomes off the endangered list at one time? So that would be obviously considered in a tree farm per se?

CHAIR HOKAMA: I would say so. Plus the County hasn't completed its mapping of the Important Ag Lands that all the counties must participate with the State. I think there's legislation currently in the State House and Senate for the State to ante up some monies to pay the counties what they're mandating the counties to perform on all our behalf, so there is legislation currently going on, Ms. Cochran, to pay for those mapping and dedications.

COUNCILMEMBER COCHRAN: Very good. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Mr. White?

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VICE-CHAIR WHITE: Thank you, Chair. To Ms. Cochran's comment regarding planting of koa and iliahi and others that are rare, it would appear that this definition wouldn't apply to those unless they were going to be harvested because this requires commercial use or commercial plans anyway, so we may need to come up with another way to protect those properties.

CHAIR HOKAMA: Mr. Ueoka, any comments?

MR. UEOKA: Thank you, Chair. I would imagine, you know, situations that fall outside of the norm will arise, of course, but for the situation where the plants are just or the trees are just being grown for reforestation-type purposes, the land may be already Conservation, so the property taxes would be low. If they're there just to be grown in a place and then moved somewhere else, not for sale, I would imagine it would probably be a nonprofit running the, I guess, tree farm or nursery, so that also would probably be subject to another tax break under our Code. So again, this is primarily for commercial farms and I believe the non-profit type entities and conservation type entities are already provided for in other sections of our Tax Code, but you know, that being said, there may be someone that falls in between both and we can check that out further. Thank you.

VICE-CHAIR WHITE: Thank you. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Any other questions, Members, at this time? Okay. If not, we'll move on. Assessment, time of assessment and levy. These are things that, you know, we depend on the recommendation of Real Property Tax, Mr. Teruya and Mr. Ueoka, our Corporation Counsel Deputy, so if you have any questions, let us know about this one. Okay.

VICE-CHAIR WHITE: Mr. Chair?

CHAIR HOKAMA: Mr. White.

VICE-CHAIR WHITE: Yeah, we received one piece of testimony regarding this item, stating that their concern was that the, we were changing the lineup of the tax year. Thank you, Ms. Crivello. But my understanding and Mr. Teruya can clarify this, my understanding is the new language simply makes clearer what the old language meant to say so that the assessment year is, if we apply it to, say if the assessment year was 2014, and you get your notice in February of what that assessment, that assessed value is for your property, so you have the same time that you would normally have within which to appeal. And then the tax on that new assessed value doesn't actually take place until the beginning of the Fiscal Year in July 1<sup>st</sup>. Is that correct, Mr. Teruya? Or...

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CHAIR HOKAMA: Mr. Teruya? Mr. Ueoka? Either one of you?

MR. TERUYA: Yes. The amendment before you is just to clarify what is the current practice.

VICE-CHAIR WHITE: Right.

MR. TERUYA: With the help of Corporation Counsel, it was never stated what the assessment year is, it was assumed to be. But assessment year equals calendar year effective January 1 of every year. The certification that occurs in April only certifies to the date in point of January 1 and for which taxes are collected and levied thereon July 1<sup>st</sup>, so I will defer to Corporation Counsel for further.

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. It was the intent to just further clarify the existing language and make clear that although you have the assessment year starts on July 1<sup>st</sup>, like you said, Mr. White, you actually, the tax bill isn't until July 1<sup>st</sup>, so that was the only thing. We're just clarifying existing practice. Thank you.

VICE-CHAIR WHITE: And actually the first bill that we receive is in August, based on July, whatever is decided upon in Budget, correct?

CHAIR HOKAMA: Correct.

VICE-CHAIR WHITE: Thank you. I just wanted to be sure that, that testifier's not here today, so I hope he's watching.

CHAIR HOKAMA: Thank you.

VICE-CHAIR WHITE: Thank you, Chair.

CHAIR HOKAMA: Okay. Any other questions, Members, if not, I wanted to move to .290 'cause that is one of the areas that speaks about Fair Market Value and so I'll ask Mr. Teruya if he can give us some comment regarding this change of concept from agricultural values and how the other counties of the State are approaching this similar issue. Mr. Teruya, please.

MR. TERUYA: Thank you, Chair. In .290, we're just clarifying language. I think this is only housekeeping. As refers to the other counties, the City and County of Honolulu does go on a fair market value on percentage, that is, I wouldn't say we're copying them, but it's somewhat set up to run the same way or to eliminate the use values, that is not maintained annually. The County of Kauai has a very, very different system from us and Hawaii County is probably most

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current to what we're doing, except the homesite is I believe it's like \$500 homesite. So they determine as the HRS allows the home rule, each county to do their own practice the way, however they choose to do it. So currently, I would say that all four counties are doing it a different way. So if we are to move towards this, it would be most similar to be copied, similar to how Honolulu is doing it based on fair market value.

CHAIR HOKAMA: Okay. I'll let all the Members have an opportunity to question this area. Mr. White, we'll start with you.

VICE-CHAIR WHITE: Thank you, Chair. Mr. Teruya, my recollection is that the use values that we are currently applying were last addressed in the 1960s, is that correct or have they been revised since then?

MR. TERUYA: Yes, Chairman, in, to my knowledge, the best of my knowledge is that that study was, probably pre-dates my existence here. So the study was done by the University of Hawaii, to my best understanding and it was based on productivity rating. It would be on per acre, what someone could lease a property for. So that is what the productivity codes were based on. I do not know of any study that updated it since its origin, so the concern that I had is whether or not we continue to apply it. It really has, no really checks or balances whether or not it still holds true. So for simplicity purposes, our Department encourages moving towards fair market value because that is what we do. The percentages and I think the concerns from the public testimony is that the 20-year dedication is probably most similar to what they're doing now and from our Department's standpoint, we don't have any recommendations, neither do we advise whatever it should be, so if this body chooses that the 10-year dedication be at 98 percent, we're just going to administer whatever this body tells us to do so. Yes.

CHAIR HOKAMA: Mr. White.

VICE-CHAIR WHITE: I can follow up. Mr. Chair, my recollection from the discussions and the temporary investigative group were that the 98 percent level was pretty much representative of what the average valuation was using the use values, so rather than having to go back and completely redo all the use values, we simply applied the amount of value that, the taxable value versus the market value. And I don't remember, it was all parcels in the ag, with the ag use valuation or a portion of them, but we used that percentage to come up with the 98, so it's a representation of what the current or the status was back two years ago.

CHAIR HOKAMA: Yeah. Mr. Teruya.

MR. TERUYA: Chairman, I think what we're trying to do is, if, we were trying to almost mimic what we're currently doing now. We were trying to work

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backwards with the 20-year dedication being the most favorable for those who are willing to dedicate their lots for 20 years. I have no problem if the ten-year dedication should be higher. That's not for me to determine. I can see the concerns that a ten year is a long period and if that warrants a higher deduction then, so be it. I think the main, you know, reason for this bill is to address the difference in parity of, you know, having a very large lot with a home being subsidized possibly more than a same home on a 5,000 square foot and that's the reason why this bill is before you is because I think the person with the very small lot is the person probably paying more than the property that is larger. And the purpose of the Homesite Bill or the reason why the homesite is in there is to address that very issue of parity.

VICE-CHAIR WHITE: And, Mr. Chair, if I could just point out that in my own property, I'm fortunate enough to have a large parcel, but because my homesite is a small portion of the parcel, that percentage of the parcel is taken out of the market value to figure out what my homesite should be valued at, and the value of my homesite that I'm, the value of my land that I'm taxed on is \$29,000. Well, there's no lots in Kahului-Wailuku or anywhere else in this County that can be had for that amount so. And I have the option of having animals. I have the options of growing whatever I like, but if you have a lot in Wailuku or Kahului that's 6,000 to 10,000 square feet, your options for earning additional income are pretty limited and certainly not, if you're able to grow stuff on your property, you're not gonna get any tax break. So I think that's the parity to which Mr. Teruya is referring. So as we go through this, I hope that everyone will understand that we want to protect ag, but we also want to do it in a way that's fair to the other taxpayers of Maui County. And so, as I've said many times before, I'm more than happy to do whatever we can to protect the real ag and especially protect the agricultural portions of any lands in Maui County so. Thank you. Thank you, Mr. Teruya.

CHAIR HOKAMA: Thank you, Mr. White. Mr. Guzman, any questions at this time on this area?

COUNCILMEMBER GUZMAN: I guess I just have a concern in regards to the 98 percent level. So basically what my understanding is it would be a policy decision whether we were gonna go with the years and so in regards to the 10 versus the 20 was that just a random choice or was there some kind of calculation that amounted to having those two numbers \_\_\_\_\_ versus 10 and 20?

MR. TERUYA: Yeah. That is just, currently we have a 10- and 20-year dedication.

COUNCILMEMBER GUZMAN: So if we were to change the years, would that somehow obstruct or differentiate some of your calculations?

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MR. TERUYA: No. No.

COUNCILMEMBER GUZMAN: Okay.

MR. TERUYA: I think what we tried to do is we tried to listen to all the groups.

COUNCILMEMBER GUZMAN: Okay.

MR. TERUYA: It seems that, I think, we've adopted the, we're proposing the five year because that was the main concern for a lot of the agricultural people is they wasn't sure what they were going to do in ten years or whatever, so we tried to, try to take into consideration that. The City and County of Honolulu has a one-year dedication and.

COUNCILMEMBER GUZMAN: A one-year dedication?

MR. TERUYA: Yes.

COUNCILMEMBER GUZMAN: Oh.

MR. TERUYA: Yes. And that is not working so.

COUNCILMEMBER GUZMAN: And it's not working?

MR. TERUYA: Yeah. So no one, I guess what's happening is every year-to-year the farmer doesn't, you know, I would defer, I would, I don't want to speak for the people in City and County of Honolulu, but that is a program that they're trying to remove, a one-year dedication.

COUNCILMEMBER GUZMAN: Okay. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Mr. Victorino.

COUNCILMEMBER VICTORINO: No, Chair, at this time, most of the questions I had have been asked by my colleagues, so I'll defer at this point and wait --

CHAIR HOKAMA: Okay.

COUNCILMEMBER VICTORINO: --until we get more information. Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Carroll, any questions at this time?

COUNCILMEMBER CARROLL: Not at this time.

CHAIR HOKAMA: Thank you. Ms. Baisa?

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COUNCILMEMBER BAISA: No, not at this time. Thank you.

CHAIR HOKAMA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: No, Chair.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Yeah, in regards to .290, it, some of the deletions and additions, even though they're tiny, completely change, in my reading of it and I may be wrong, completely change it. It's basically saying you have to dedicate period. Where it used to be where you didn't have to dedicate and then the Department will do what its gotta do, am I reading that incorrectly? You've got all the brackets and the underlines.

CHAIR HOKAMA: Mr. Ueoka, if you could address Mr. Couch's comments, please.

MR. UEOKA: Thank you, Chair. Yes, Mr. Couch, where, part of the bracketing in Section .290 is to accommodate the fact that on the next page we're deleting Section .320 and it's like you said, .320 did provide for, regardless of dedication, the intent of this bill is if you want to get the Ag valuation or reduced Ag valuation, you need to dedicate, yeah.

COUNCILMEMBER COUCH: Okay. So that's a huge change. It's not just...okay. The other question I had for you, Chair, is you mentioned the \$19 million subsidies, 5 million, 4 million was for one and 15 million was for the other, can you go over those again 'cause I have a thought on that just...

CHAIR HOKAMA: Okay. With ag dedication, 634 parcels, 4.1 million. Non-dedication, ag activities, 4,145 parcels.

COUNCILMEMBER COUCH: That's non-dedicated land. Okay.

CHAIR HOKAMA: At 15.2 subsidy.

COUNCILMEMBER COUCH: And that's what I thought. The question I have is and is there a way we can get that broken down to the, for want of a better term, the gentleman farms, the two-acre lots that are doing nominal ag, is there a way to break that down to see how much that we're really trying to go after in subsidies? Because one of the ways that we might be able to fix this is to also zone those properties as Rural and make them come back and say, we're doing ag. If that's a better way around, I mean another way around it that won't affect the existing, is there a possibility to get that or is that something that you guys talked about in the TIG ...(inaudible)...

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CHAIR HOKAMA: We'll see what the Administration has. Do you folks have any comments at this time, Mr. Baz?

MR. BAZ: Yeah, Mr. Chair, we can provide you detailed information that would identify parcels less than a certain size that are in that, whatever zone you'd require, and that's definitely, you know, something to discuss. Council has the power to initiate Change in Zoning.

COUNCILMEMBER COUCH: And, Mr. Chair, I think that's the crux of this whole thing is we're trying to figure out, you know, let the farmers do their farming and let those that aren't really farming pay their fair share of the tax burden. So that's something we as a side, we may want to take a look at as well. Thank you, Chair.

CHAIR HOKAMA: That's a great concept, Mr. Couch. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Nothing at this time, Chair.

CHAIR HOKAMA: Okay. Mr. White, you had another question in this area?

VICE-CHAIR WHITE: Not so much a question, as a comment on the levels of dedication. Our, at least my recollection of our intent after the discussions in the temporary investigative group were the, we were looking at the 20-year dedication being the one that most farmers would choose, and I can understand some of the concerns that have been mentioned by the testifiers. But at the same time, I think our intention was to hope that as one farmer passes on, that someone else is gonna pick up the agricultural use and continue to farm. The reason that we had the five and ten-year dedication options was it was our understanding and too, I believe it was Ms. Niles that mentioned people coming in from Canada and buying up agricultural properties. Well, that's been happening for a long time, not just Canada, but from a lot of different places. And our feeling was that these folks that are coming in that don't necessarily have an intention to do any agriculture or any kind of farming, if they were, if they're gonna try to do it for a while and take advantage of this, we don't want to give them a 20-year timeframe if they felt that they had plans to do something with it in 5 years, so the five and the ten were really to try to provide a, another option for someone who had different intentions with which to use their land. And we would be collecting significantly more taxes from those people who did not have long-term interest in farming their land.

CHAIR HOKAMA: That's what I recall, Mr. White. Thank you. If there's no other questions on .290, let's move on, Members. .320, as you can see is being proposed to be deleted in its entirety. I think all of .325 is also proposed to be deleted in its entirety; .330, in its entirety and .350, in its entirety. That is the

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proposal and what we have done is re-written those sections pretty much in .351, the proposed .351, so I'm gonna ask you to please look at Page 9 and go to the new section that we're proposing for consideration to you at this time. Okay. We start off with the lands dedicated for agricultural use. There's a petition for dedication. There's an ag use plan requirement. We also have a requirement of valid State of Hawaii excise tax license for agricultural purposes. One of the new things we are asking for comment on is with the Schedule F on the Federal tax return, Members, with a gross farm income of \$2,500. I believe we're currently at 1,000. And let's see, and then we have seven, which is the, I think at one part, that was with the tree component, you had to show five years in advance? Mr. Ueoka?

MR. UEOKA: Chair, that's for, Item 7 refers to urban land. It's the --

CHAIR HOKAMA: Got it.

MR. UEOKA: --special requirement for urban lands. Thank you.

CHAIR HOKAMA: Yeah. Thank you. So Members, any...we'll start with Mr. Carroll, any questions at this time on Section A of .351, one to seven? Okay. Thank you. Ms. Baisa, any questions or comments you want to share at this time?

COUNCILMEMBER BAISA: No, not at this time.

CHAIR HOKAMA: Okay. Ms. Cochran?

COUNCILMEMBER COCHRAN: No, thanks.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Chair. Again the concern would be Schedule F, the income level, you know, and I know that further on down here there's things about if there's a drought or whatever or something happens?

CHAIR HOKAMA: Yeah, we have other provisions in the following sections that will address some of the concerns of the...

COUNCILMEMBER COUCH: So the, I guess my question is, 2,500, I think the Water Department is 1,000, is that right?

CHAIR HOKAMA: Okay. I think Ms. Baisa said, yes, that's her understanding, Mr. Couch.

COUNCILMEMBER COUCH: Okay. I was just curious why the differences. Are you saying that they really need to produce some sort of gross income other than...

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CHAIR HOKAMA: I would just say at this point, it's a number that is not, you know, we're not stuck on this number, but we were looking at something that is fair to show agricultural productivity and dedication to ag purposes.

COUNCILMEMBER COUCH: So would, and I didn't quite see, you know, I mean I looked at some of the reasons for...oh, so, infestation that destroys crop, I was thinking something that comes through, like deer that comes through and destroy crops, we hear that a lot. That would count as an infestation that destroys crops?

CHAIR HOKAMA: Well, why don't we, I rather talk about that when we hit those section, Mr. Couch. I just wanted comments on A.

COUNCILMEMBER COUCH: Okay. Why, the only reason I asked is because I'm a little concerned on the number, but we can deal with the number when you said.

CHAIR HOKAMA: Yeah. And again, we'll mark it down again.

COUNCILMEMBER COUCH: Okay.

CHAIR HOKAMA: This is just the first review of the proposal.

COUNCILMEMBER COUCH: Okay.

CHAIR HOKAMA: You know, I'm sure we're gonna get more comments, more testimonies on this. Ms. Crivello, any on Section A? Mr. White, Section A?

VICE-CHAIR WHITE: No questions, thank you.

CHAIR HOKAMA: Mr. Guzman?

COUNCILMEMBER GUZMAN: None at this time, Chair. I thank you for allowing us to go through this introduction, and I will bring this forth to the Ag Working Group to --

CHAIR HOKAMA: Sure.

COUNCILMEMBER GUZMAN: --formulate some comments for you in writing. Thank you.

CHAIR HOKAMA: We appreciate that, Mr. Guzman. Mr. Victorino?

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COUNCILMEMBER VICTORINO: I guess my only concern with A was the fact that a form which is prescribed by the director and again, I always get concerned the directors change and would that change the form, but again, we're going through this right now as the first pass, right?

CHAIR HOKAMA: Yes.

COUNCILMEMBER VICTORINO: And so I'll look into that matter, but again, I think this Council and many other committees in this Council have always had the concern that when you leave it up to a director or a form to be prescribed by a director, directors change and what happens then? And I think that's something I would, would like more specifics, more specificity done on that so. I don't know, maybe Mr. Teruya might be able to give me, give us a better answer if you allow him, but that's my concern in this section right here on A.

CHAIR HOKAMA: Okay. Okay. Yeah. Mr. Teruya, any comments?

MR. TERUYA: Yes. To my knowledge, the dedication paper has never been changed unless there's requirement change that needs to be added to the form, but our intent is not to change the form unless there is added areas that the form need to be changed because of requirements, that would be the only change. But as for now, we have never changed our form.

COUNCILMEMBER VICTORINO: Alright, thank you, Mr. Teruya, but I still think little bit more discussion needs to be put on that particular area. But thank you, Chair.

CHAIR HOKAMA: Okay. Thank you for those comments. Section B under the subheading of review of the petition, this is where the director with recommendations of an advisory, we are proposing an advisory committee, Members. It's something different. It is your Chair's thoughts that this would be, this advisory would be made up of people in the agricultural sector. You know, there's no set makeup of this advisory, but I think our ag people know what is true ag and what is not true ag, so I would leave it to them to assist the director in making some decisions. Ms. Baisa, any thoughts, comments at this time on Section B?

COUNCILMEMBER BAISA: I was going to the advisory committee, if you prefer to wait, I'll wait 'til that.

CHAIR HOKAMA: This one, you know, has also the advisory --

COUNCILMEMBER BAISA: Okay.

CHAIR HOKAMA: --so if you have comments, we'd be happy to hear it.

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COUNCILMEMBER BAISA: Thank you very much. I do have a comment. I heard the testimony this morning and I tend to agree with it. I think that having only one group nominate is not a good thing. Maui County Farm Bureau is concerned with certain farming and agricultural pursuits; however, our community is becoming more and more diverse, our ag community and so I think we need to have other people involved. Thank you.

CHAIR HOKAMA: Okay. Thank you for that comment. Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, thank you, Chair. No, I agree and looking forward to the names that'll come down for this advisory committee, making sure that it's very broad-based and far reaching of all types of practices that we engage in today.

CHAIR HOKAMA: Okay. Thank you. Mr. Couch? Thank you. Ms. Crivello, any questions or comments?

COUNCILMEMBER CRIVELLO: No, I think as we go through this, Chair, you know, I get more anxious to know how we're really gonna define agriculture. I think that's of value that because like Ms. Baisa said, you know, there, times are changing and how do you identify ag/farm, yeah.

CHAIR HOKAMA: Okay. We appreciate that question/comment.

COUNCILMEMBER CRIVELLO: Yeah, comments.

CHAIR HOKAMA: Mr. White?

VICE-CHAIR WHITE: No, thank you.

CHAIR HOKAMA: Mr. Guzman, anything else?

COUNCILMEMBER GUZMAN: I would agree with my colleagues in terms of the agricultural dedication advisory commission becoming more broader in the sense of addressing Planning Department and Water Department agricultural issues. I think it's all inter-related in some, in not some ways, they *are* inter-related.

CHAIR HOKAMA: Maybe that's something you can have your, that group maybe make some considerations and feedback on it. I'm focusing on just within the purview as I understand within this Committee's jurisdiction is how I'm approaching it, but you know, this is legislation so, you know, I'm open to all comments before we make any decision making.

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COUNCILMEMBER GUZMAN: Thank you, Chair.

CHAIR HOKAMA: Mr. Victorino?

COUNCILMEMBER VICTORINO: I concur with my colleagues, and I think, I agree with you, Mr. Chair that the working group should have an opportunity to work through this and get back to us. I think that's very important. And I think Water and some of the other departments should take a good look at it also to make sure that they're okay because they would have a, same affect and I think that's something we want to make sure we don't have any negative impacts or minimum impacts as far as negativity is concerned, sir. So thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Mr. Carroll, any comments? Thank you. Okay. C, Members, is the waiver of gross farm income requirements. So some of the issues that maybe, some may have regarding the tree component. We talk about the initial crop harvest. We talk about hardship. And that's why we have, part of this consideration also is to use that advisory committee to assist the director with this specific type of concerns. I'll ask Mr. Teruya for comments?

MR. TERUYA: Thank you, Chair. For a lot of Members and people testifying, I think the comment of the \$2,500 is addressed in the waiver section as we had noted that the committee can recommend a waiver in the event of not reaching the \$2,500. Also for example, if an entity is a wholesale and does not sell the product, but is a pass-through, this would by advisory by the committee be able to waive for special conditions of value, so even though the 2,500 is set forth in this proposal, if somebody was to make only \$1,000 but the advisory committee felt it was a bona fide venture for agriculture, then it would be waived. It would be a recommendation to the director, so I think by getting held up on the threshold is a very small part of it. I think the committee, the advisory committee, is probably the more important venue that will catch those instances where value or the gross revenue is not reached. So I think this is a safety net. I think the advisory committee is probably the more important body that this Council should be looking at.

CHAIR HOKAMA: Okay.

MR. TERUYA: Thank you, Chair.

CHAIR HOKAMA: Thank you for that. I'm gonna bring up D, also, since D, to me, is something we should have always been doing, but D just says that upon the approval of the agriculture use plan, Planning Department will be notified. So it's more about keeping the coordination between County agencies to a level that doesn't impact the property owner or lessee. Mr. Couch?

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COUNCILMEMBER COUCH: Thank you, Mr. Chair. I have a comment on C and then D.

CHAIR HOKAMA: Sure.

COUNCILMEMBER COUCH: On C, I think I saw in testimony somewhere about the UH research or any university doing research, can they be included in this or can we put something in there to include if the university is doing research, but only a university. I'm not sure I would give it to a for-profit entity that would want, that is doing research. Because a lot of times when you do the research, especially at UH, they're not in it for the money, but it's still ag, especially...

CHAIR HOKAMA: Mr. Ueoka, is this --

MR. UEOKA: Thank you.

CHAIR HOKAMA: --how we deal with the State agencies on this one?

MR. UEOKA: That'd be another situation where, I don't believe we charge property tax to State agencies, so if they had some kind of agreement, we might be able to work it out that way for property tax purposes.

COUNCILMEMBER COUCH: Yeah, I'm guessing that a lot of the land is leased from a, you know, a landowner by the university, so you would be taxing the landowner, not the university, so could there be some sort of deal in the lease?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I believe if there was a lease and the University of Hawaii held the lease and they were to turn it in to real property tax, there would be some kind of tax exemption or break at that point.

COUNCILMEMBER COUCH: I guess for Mr. Teruya, then, generally if an entity leases property from somebody else, do you deal with the property owner or the lessee of the land? For instance, you know, we have the cattle ranchers that lease a bunch of land. Do you deal with those ranchers or the owners of the land?

MR. TERUYA: We deal with both. It really depends on what, the term of the lease and who is responsible for the taxes. But in a situation of the university acquiring a lease, what's the purpose of the dedication? We don't tax County property, County lessees. If once the County or State enters into a lease, its non-taxable, so why even worry about a dedication?

COUNCILMEMBER COUCH: Okay. That's, that was my question is, do we need to account for that, but apparently not.

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CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Chair, thank you. I guess to Mr. Couch's point, yes, the property owner is ultimately responsible for the property tax on a parcel; however, like Mr. Teruya said, yeah, we do, there are various mechanisms to recognize a lessee and work with them on tax --

COUNCILMEMBER COUCH: Okay.

MR. UEOKA: --for tax purposes. Thank you.

COUNCILMEMBER COUCH: I just wanted to make sure that, because I thought I read it somewhere in testimony. The other question on D I had, would this and I guess might be for Mr. Ueoka, would this transmittal be sufficient to deal with all the issues that come up through planning via Title 19 regarding farm plan requirements? Or would we need to put some language either in here or somewhere, somewhere else to say that look, they're doing this plan, agricultural use plan that's been accepted by Finance Department, it should also be accepted by Planning Department. Right now, you've got people who want to put a permit in for something, they have to put in sometimes three different farm plans and there're three different entities okaying or not okaying it and a lot of times they, some okay, some don't and that's been a frustration, too.

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. The intent of this section was to transmit it to, exactly what it says, to transmit it to the Planning Department. The Real Property Tax assessors and the clerks there, they're not experts on what the farm plans submitted to the Planning Department say. Real Property Tax is depending on the owners or whoever the petitioner is to make sure that they're submitted agricultural use plan is consistent with their submitted approved farm plans that they gave to the Planning Department, and this was just to let the Planning Department know we've received this, they're dedicating and this is the purpose of it and at that point, the Planning Department would take care of it through their, I believe, ZAED Division. Thank you.

COUNCILMEMBER COUCH: So it sounds like we, that's a little loose end that we may need to tighten up a little bit because it's kind of crazy that people have to do three different farm plans and this might be or might not be the right location for that. I guess I'm asking that the Ag Work Group take a look at that aspect of this as well and see if they can fit that in somewhere. So thank you. Thank you, Chair.

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CHAIR HOKAMA: Thank you. Ms. Cochran, any questions?

COUNCILMEMBER COCHRAN: So, Chair, the intent of this agricultural dedication advisory committee is a set on-going committee, not like a TIG, per se, that just vets out a particular issue for a time, but this one in particular, I guess, will go through the lifespan of this whole entire bill, is that kinda the...

CHAIR HOKAMA: Unless there's an ordinance, you know, there's another proposal to amend it, delete by either giving it more authority or deleting it, abolishing it, you know. It's a creature of the ordinance so.

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: It's whatever Council determines in the future.

COUNCILMEMBER COCHRAN: Okay. Alright. Just more so the, if it's gonna be that set, then, for sure, you know, to have it very broad based. But yeah, I was, I guess in reference to them being able to waive certain requirements and things of that nature, you know. But I think coming on working off of Mr. Couch's thoughts in regards to the different farm plans, each, so is it like a different, if you, this parcel you're doing livestock, this parcel you're farming fruits or nuts or vegetables, I mean, each one needs its own individual type of plan? I mean, because you can't like cross mix the uses or the type of product you're producing type idea? Is that how it works currently or no?

CHAIR HOKAMA: Mr. Ueoka? Mr. Teruya?

MR. UEOKA: Well, I guess I'll take a shot at this one first. I'm not sure exactly what the current practice is. The idea under this one is the land would probably be a tax parcel and you'd probably submit a plan for that tax parcel showing if you had it broken up like this area would be used for Use A, this area would be used for Use B, this area would be used for Use C in that, so I guess it would be shown on a map and something that, you know, something solid that people can look at, what uses were intended for which areas and that's what would be approved. And I guess...I know this wasn't really your question on this one, but the, just for clarity, the advisory committee, they're just, they recommend to the Director. It's always the Director's choice. It's not their actual power to determine. It's a recommendation to the Director, just for clarity, thanks.

COUNCILMEMBER COCHRAN: Okay. Thank you. Like a Planning Commission recommending to us sort of?

MR. UEOKA: I guess I'm...I'm not super familiar with the Planning Commission, but there's a lot of advisory committees that just, they do just make a

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recommendation to a body and the body ultimately or the individual makes the determination.

COUNCILMEMBER COCHRAN: Right.

MR. UEOKA: Yeah.

COUNCILMEMBER COCHRAN: Thank you, Mr. Ueoka.

CHAIR HOKAMA: This one is advising the Director, Ms. Cochran.

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you. Maybe I wasn't clear. From my experience with folks going through trying to get certain permits from the Planning Department, they've had to submit a, for the same piece of land, for the same use, they've had to submit a farm plan to the Planning Department and then a slightly different one to, I think, the Water Department and potentially, I think it was RPT that they had to do the third. And those, for the same piece of land, for the same use, so I'm hoping that either through this or through something else via this Committee, we can come up with a single farm plan that is good for everybody as opposed to having somebody do three different farm plans. Thank you.

CHAIR HOKAMA: Okay. Thank you. Mr. White?

VICE-CHAIR WHITE: Just one caution. The RPT farm plan is very simple. I don't believe the Planning Department's farm plan is very simple. I think a lot of people hire professionals to do it. I did my own farm plan and the important thing is that it shows the area that you use. It shows the area that is not usable, but if it's, you know, part of a gully or something of that sort and you have to identify where your house site is, so it's very simple to do. You send in, I believe you're required to send in three pictures that include either your animals or your plants or the equipment and so forth, so I don't think it took me more than...I can't remember, but it didn't take me very long. I didn't have to hire anyone to do it, so I'd be careful what you wish for in this bill.

CHAIR HOKAMA: Thank you for that. Okay. Anyone else has comments on C and D? Yes, Ms. Crivello?

COUNCILMEMBER CRIVELLO: Just clarification.

CHAIR HOKAMA: Yes, ma'am.

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COUNCILMEMBER CRIVELLO: So in order for the tax rates to be applicable, so an ag plan would have to be sent to the Planning Department and RPT? No, not to RPT?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Ms. Crivello, part of the petition to get this dedication approved would require an ag use plan be submitted with the petition, as part of the petition to the Director of Finance, and all that this says is that because Finance is aware that Planning Department does require a farm plan for certain properties in certain settings or requirements, that they will forward on the agricultural use plan to the Planning Department for, you know, just for their information. And if based on that, there's a discrepancy between the farm...the Planning Department Farm Plan and the Finance Real Property Tax Agricultural Use Plan, they can look into it further, but for like Mr. White said, for real property tax purposes, RPT is looking for something, I'm assuming, pretty simplistic. Thank you.

COUNCILMEMBER CRIVELLO: What, thank you, and that's what we have to take into consideration, yeah, simplify it.

CHAIR HOKAMA: Okay. Any other questions, Members? If not, E is the classification options so we are currently in this draft, proposing 5, 10 and 20 years. I would agree with Mr. Teruya. I don't think we should be even looking at a one-year dedication. F is the homesite. E is the, again, the periods. F is the homesite. And again we are talking about the homesite will be independent from the dedicated areas, based on highest and best use of comparable values of similar lands as reflected in the market at the time of the assessment. So any questions at this time? We'll start with you, Mr. Couch.

COUNCILMEMBER COUCH: Thank you, Mr. Chair. The homesite, we did hear in testimony and we've heard it for several years now in testimony that in some cases, the farmer lives on the home and they use a carport or a garage to do the drying or some sort of assistance in the use of the, in the operation of the farm. Is that going to be taken, and I know you made a comment about potentially losing the Homeowner Exemption in that case, are you, are we taking that kind of stuff into consideration in here or do we need little bit stricter language? I guess I don't know how the Department think, is planning on interpreting this part.

CHAIR HOKAMA: I'll ask Mr. Teruya if he has a comment to give at this time.

MR. TERUYA: Chairman, in the existing ordinance, it mentions that the homesite should be portions that are used exclusively for the home and that portions

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used for other commercial purposes shall not be entitled to the exemption to that portion. So in all honesty, the house and the underlying land value is so big, it exceeds the 200,000, that everybody gets their 200,000 anyway, so really doesn't matter. So even if you're gonna say, I'm using my garage as agriculture, even if we exempt it, that'll be fine if that is the intent of this body. You'll still get your 200,000 even though the law says you don't get it, entitled, you're not entitled to that exemption to that portion, but the 200,000, the underlying land area is probably \$200,000 anyway, so you'll get your entire exemption so.

COUNCILMEMBER COUCH: Oh, I see.

MR. TERUYA: Yeah.

COUNCILMEMBER COUCH: Okay.

MR. TERUYA: But if this body feels that the portions used for agriculture should be exempt, then if the language is in there, then that's what we'll do. It's really up to this body.

COUNCILMEMBER COUCH: So that's something we also need to discuss.

CHAIR HOKAMA: Because currently it says, exclusively.

COUNCILMEMBER COUCH: Right.

CHAIR HOKAMA: Okay. Ms. Cochran, any questions?

COUNCILMEMBER COCHRAN: Yeah, I guess...well, thank you for this opportunity that this is just a first time pass over. So to let this all settle in and to take in everyone's testimony, but looking at Mr. Jacintho's, he did mention that the ag value versus market value in determining rates would definitely make a huge, huge difference so. He broke it down if it was market value, but I'm just wondering what would be the actual difference in the, you know, in the factoring and the price for the people if there is a simple...for every \$1,000, it equals to, you know.

CHAIR HOKAMA: Well, actually, the question should be what would be the value if the State kept up with all the use value requirements and do it annually? Maybe, there wouldn't be any difference, potentially, with the current updated ag value. I mean, we don't know, 'cause they haven't done it in decades. That's part of the problem with using the ag value, so to me, we having a distorted picture of what is the valuations. Ms. Baisa?

COUNCILMEMBER BAISA: Just a comment. I'm kind of mulling over the issue that we're talking about, about using part of the home for farming. To me, it kinda

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tells me that people don't understand farming. You know, I'm very familiar with a lot of people who live Upcountry and, in Kula, particularly, have lived in their homes for many, many years and they do use part of their homes. I mean, a lot of their home for their farming endeavor, you know, they might have seeds in the house or they might be packing in a garage or nurturing the chicks in the kitchen because they were born prematurely without mama hen or whatever it is that they're doing. And I don't wanna, I mean, I understand what Mr. Teruya is saying about the bottom line, but the fact that we even consider that kinda tells me people don't understand farming. And these people have to live somewhere. They're homeowners. That's their home. That's where they live. The fact that they do farming in their home is, in my opinion, incidental, but it's their home so they should be given a home exemption. What's wrong with that? Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, any comments, questions? Mr. Victorino?

COUNCILMEMBER VICTORINO: No. I agree with Ms. Baisa. I think the home exemption should be allowed even if incidental use is being done by the farmers, so with that, I can move on with this one. Thank you.

CHAIR HOKAMA: Okay. Thank you. Mr. Guzman, any comments at this time?

COUNCILMEMBER GUZMAN: Okay. I'm trying to get this straight. And so in terms of the exemptions, so initially, if I'm a agricultural landowner, I'll get an exemption for the land for agriculture and also an exemption for the house and then another exemption for Homeowner's Exemption? Is there...

CHAIR HOKAMA: Mr. Ueoka, if you can help respond --

MR. UEOKA: Thank you, Chair.

CHAIR HOKAMA: --to the question?

MR. UEOKA: So essentially you'll give your petition over and on it it'll have that ag use plan on the map and there's a lot of farmers that don't live on their farm, but for those that do, it'll show a homesite portion. And then they'll be unusable, unsuitable lands also which is also determined. So for the dedicated area, the Department will take the fair market value for ag use there and you'll get the deduction based on your years of dedication, 50 percent for 5, 80 percent for 10, I believe and 98 for 20. For the homesite portion, you're a homeowner, so you'll get the Homeowner Exemption and you'll get the Homeowner rate. So that's just the difference...on the farm part, you'll pay the farm rate or, you know what I mean, the farm valuation, farm rate and for the homesite, you'll pay Homeowner and you'll get the Homeowner Exemption. The only discrepancy which Mr. Teruya was talking about was in the language, it

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currently says, if you use, it's more for, it's not geared necessarily for farms, it was more thought of for commercial uses. If you're doing a commercial activity in your home, that section of the home wouldn't be allowed to have the Homeowner's Exemption, but for ag, it, I guess his point was it's a small portion. You'll essentially be getting the Homeowner Exemption for all the portions of your home that you use as a home.

COUNCILMEMBER GUZMAN: Oh.

MR. UEOKA: That's bottom line. Yeah. Thank you. And the rate.

COUNCILMEMBER GUZMAN: I see, I mean --

MR. TERUYA: I'll try to clarify.

COUNCILMEMBER GUZMAN: --it's really like they get the Homeowner's Exemption.

UNIDENTIFIED SPEAKER: Yeah.

COUNCILMEMBER GUZMAN: But what if you...

MR. TERUYA: Look, the way the ordinance is written, it states that, let's say the house is worth \$200,000 and half of your home is being used for commercial. Well, then you can only use 100,000 on the home.

COUNCILMEMBER GUZMAN: Right.

MR. TERUYA: Right. But you can use the other 100,000 on the land. Right. So just the portions used for the home, that percentage of value, you cannot be applied to the exemption, but it just rolls over to the land.

COUNCILMEMBER GUZMAN: Okay. I got it.

CHAIR HOKAMA: Okay. Thank you. Mr. White?

VICE-CHAIR WHITE: I'll just make it a little more confusing. We're talking about in this case, farmers or ranchers who live on the property where they farm or ranch. But if you're a farmer who lives somewhere else and you have structures, storage, you know equipment storage or processing structures on your land, you don't get the Homeowner's Exemption.

CHAIR HOKAMA: That's correct.

VICE-CHAIR WHITE: And you pay the Ag rate, so you've got a, let's say you're using your garage, if you live there and I agree with the others, there's no way we

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should be taking away any farmer's home exemption, because I think that would be, that would be the wrong thing to do, but if you're farming and you're not farming at home, you don't have an exemption to reduce the assessed value and you have a rate that's not quite double. Mr. Teruya's moving, so maybe I'm off the mark but, but I, I'm kinda like what Mr. Teruya said, I think we're getting worried over something that could be fairly small because the other farmers are paying on their full value, is that correct?

MR. TERUYA: No. I think the problem that I had is I didn't understand what you were saying, so I wasn't...there's too much conversations...I didn't get the whole thing, so if you could maybe go over it again, I could...

VICE-CHAIR WHITE: Okay. We have Howard's Nursery, for example, he doesn't live where his facility is, so he gets the ag value on the land, but he doesn't get any exemption on the structure.

MR. TERUYA: That is correct. The structure would be paying fair market value, but the underlying land portions are, could be exempt if it's for the activity.

VICE-CHAIR WHITE: Well, he would be getting the ag assessed reduction of value to roughly 2 percent, so he's paying on the land, but he's paying full boat with no exemption on the structure so. I'm not sure that cleared anything up after all.

COUNCILMEMBER GUZMAN: ...*(Inaudible)*... applied currently.

VICE-CHAIR WHITE: As it's applied currently.

COUNCILMEMBER GUZMAN: Chair?

UNIDENTIFIED SPEAKER: Correct.

COUNCILMEMBER GUZMAN: And so if we implement this ordinance, would there be a difference as how it's being applied currently, the facts that, the factual situation that Mr. White has indicated?

MR. TERUYA: There's nothing that would be different. It's just how we're gonna be assessing the fair market value of the land and what the exemption would be.

UNIDENTIFIED SPEAKER: ...*(Inaudible)*...

MR. TERUYA: Buildings the same, yeah.

COUNCILMEMBER GUZMAN: Can you further elaborate?

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CHAIR HOKAMA: You know what, we'll save that for the next meeting when we can do a presentation.

COUNCILMEMBER GUZMAN: Okay. Very good, Chair.

CHAIR HOKAMA: Yes, Mr. White?

VICE-CHAIR WHITE: I think it's...oh, shoot, I had something I was gonna clarify for you, but...lost my train of thought. Sorry, Chair.

CHAIR HOKAMA: Understanding the conversation that's going on, I can see the need for a, maybe something visual to kinda help connect the dots easier for all of us is what I'm thinking. Because I get, I know what you talking about very well and I understand it very well, but I can understand why there's some misconnects right now and I think maybe a visual would assist us for another meeting on this matter. But again, people, you know, this bill is to address all agricultural activities, not just those that live on Agricultural parcels. This is for all ag, including those that don't live on the land and that's the majority of this County that don't live on the land. Okay. Mr. Baz, you have a comment?

MR. BAZ: Yeah, I just wanted to make the Members clear, this is a ag dedication for the land. This only addresses the land.

CHAIR HOKAMA: Right.

MR. BAZ: So building won't change. So if they have a \$100,000 structure on it right now, they're getting taxed at that \$100,000 structure. The difference would be is if that \$100,000 structure is a home that they're a homeowner of that they occupy, that's a separate exemption that they're getting. Yeah, so they, otherwise they would just continue to pay the \$100,000 on the taxable value of that other structure that's on there.

CHAIR HOKAMA: Okay. We're gonna move on, Members. G is land use change and H, is change of agricultural use. So land use change, it says approval of the petition by the Director, owner shall be deemed to have forfeited any right to a land use change, as defined by this chapter, for the period of dedication. Okay. And H, change of agricultural use, as explained by the Corporation Counsel, some of the things that shall be made in writing and shall be provided, required...to be provided for review if you want to change from one use to another. Yeah, we'll just leave it for there at this time. So, Mr. Teruya.

MR. TERUYA: Chairman, I just want to let the Members know that for H, this is the existing practice, not like we're trying to make something up right now so, existing practice.

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CHAIR HOKAMA: Okay. Thank you. Mr. Victorino, any comments or questions in this area at this time?

COUNCILMEMBER VICTORINO: Not at this time.

CHAIR HOKAMA: Okay. Thank you. Mr. Guzman? Mr. White?

VICE-CHAIR WHITE: No.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Not at this time.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Real quick on the change of use. You guys aren't, since this is what you're doing right now, you guys aren't concerned about, hey, I'm changing from cabbages to corn versus I'm changing from cabbages to --

MR. TERUYA: Cattle.

COUNCILMEMBER COUCH: --cattle. You do want to know that?

MR. TERUYA: It's basically what you put in your ag use plan, I mean, diversified ag or ag, and, you know, I think like you said, I mean, if you're changing crops from tomatoes to onions, I mean, that's not a big deal to us, but if you're changing from corn to cattle, I mean, you're talking about or, you know, the trees or mature trees or now it's going to be a tree farm, yeah, we just want to be engaged with the owner that if things are changing that when we go out there and inspect, that we're going to be inspecting something that you put down on your dedication. So if we're surprised, it's probably because you didn't update your plan. And we're trying to, I mean, in order to enforce it, you gotta be able to verify something, so the plan when we go out there, we're expecting something that you've done and when you include pictures, we're gonna look for pictures and hopefully those pictures are from your lot, you know, not somebody else's lot, you know, so that's why we ask for certain things and that the photos are within, you know, "x" amount of months from the date so when we do go out there, even though we're not an ag specialist, we can attest to the plan that's set forth in the dedication. Thank you, Chair.

CHAIR HOKAMA: Mr. Couch, you're okay?

COUNCILMEMBER COUCH: Thank you. Yeah.

CHAIR HOKAMA: Ms. Cochran?

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COUNCILMEMBER COCHRAN: No, Chair.

CHAIR HOKAMA: Ms. Baisa?

COUNCILMEMBER BAISA: No, not at this time.

CHAIR HOKAMA: Mr. Carroll? Mr. Victorino?

COUNCILMEMBER VICTORINO: No, not at this time.

CHAIR HOKAMA: Mr. Guzman? Mr. White?

VICE-CHAIR WHITE: No. Thank you.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: No, not at this time.

CHAIR HOKAMA: Okay. I is the expiration of the dedications, and let's see, J is the renewal component of dedications, and K is the extension of the dedication period. L, the right to inspect. M is cancellation. N is retroactive application of tax and penalties. So why don't we go up 'til cancellation. So we'll take up expiration, renewal, extension and right to inspect.

MR. TERUYA: Chairman?

CHAIR HOKAMA: Mr. Teruya.

MR. TERUYA: Yeah, this is where a lot of the questions came about either in testimony or from the Councilmembers. In cancellation, there's a wide range of...oh, my bad.

CHAIR HOKAMA: Yeah, we're gonna leave that part because I know...

MR. TERUYA: Oh, okay. Okay. Up to L. Sorry.

CHAIR HOKAMA: Yeah. We're gonna definitely have some discussion on that portion. So, Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. Under I, expiration, it states, dedications for 20 years shall automatically become a year-to-year dedication at the expiration of the 20-year period. My feeling is that we should consider doing another 20-year dedication because otherwise we're at a one-year dedication.

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CHAIR HOKAMA: Yeah. And that's something I choose, yeah. I prefer we not...

VICE-CHAIR WHITE: So it might be something we want to revisit.

CHAIR HOKAMA: Yeah. Yeah. So, Mr. Teruya, if you can come up with some options for the Committee, in working with Mr. Ueoka. We appreciate that comment, Mr. White. Mr. Guzman, anything at this time? Mr. Victorino?

COUNCILMEMBER VICTORINO: No, Mr. White covered what I was about to ask. That's fine. Thank you, sir.

CHAIR HOKAMA: Okay. Thank you. Mr. Carroll, anything in these sections? Ms. Baisa?

COUNCILMEMBER BAISA: No.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: No, Chair.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. The item that Mr. White brought up, I can see, the, that's kind of an incentive to go for the 20 years saying that, okay, you've done your 20 years and now if you need to extend, we may want to, I mean if we're discussing this now, we may want to put up to so many years and then you've got to re-dedicate again, not to have an open, you know, after 20 years, you get to go year-to-year. But I can see as an incentive to go to 20 years, then you haven't decided, well, you know, is my family going to take it on after 20 years, they get 5 years to decide and then after that, they gotta decide to dedicate again. I mean I see why that's there, but I also understand the concerns and maybe we can come into some middle ground and maybe with the Ag Working Group, too.

CHAIR HOKAMA: Okay.

COUNCILMEMBER COUCH: Thanks.

CHAIR HOKAMA: Sure. Okay. Ms. Crivello, any...

COUNCILMEMBER CRIVELLO: Nothing right now.

CHAIR HOKAMA: Anything further, Mr. White?

VICE-CHAIR WHITE: No.

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CHAIR HOKAMA: Mr. Guzman?

COUNCILMEMBER GUZMAN: Yeah. Chair, I guess one of the things that I'm also hearing from the testifiers is if we could look at possibly applying the years retroactively somehow for those who have diligently been farming, maybe have a, I don't know, five-year, ten-year grace period where we go back and look to see whether they actually were farming or they were legitimately filing their taxes, things like that to at least give them five years, instead of the, you know, additional 20. Because what I'm hearing is, oh, we could have applied a dedication, 10-20 years ago because we were doing it twenty years ago legitimately, but then now we're at a certain age where we don't know whether we're gonna live another 20 years and we don't know what's gonna happen, but maybe we need to look at that issue particularly --

CHAIR HOKAMA: Okay. Okay.

COUNCILMEMBER GUZMAN: --as well.

CHAIR HOKAMA: That's fair. That's fair. Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: And along that same lines, you know, Mr. Chair, I agree with my colleague. And that would be applied to the current or the next 5-year, 10-year, 20-year that they would have got a retroactive and/or credit, if you want to use that term for the past years. I don't know how Mr. Teruya feels about it, but I think people who have legitimately done ag, like my colleague mentioned, should be given that opportunity so that they can go dedicate 10, maybe get a 10-year retroactive credit so now it will equal to 20 and they would still be using 20. So I think that's something that I would like us to look into, Mr. Chair, some kind of program like that. But Mr. Ueoka is waving his hand, so I know it's not to say hello to me so I imagine he has something he wants to say, Mr. Chair, with your indulgence.

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. And hello, Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, Mr. Ueoka.

MR. UEOKA: I guess theoretically, it does make sense if we leave the language in for allowing the year-to-year for a 20-year dedication. If we remove that language the, I guess, it would allow just a shorter, what you're asking for essentially is a shorter period they'd have to comply with moving forward so they could get the greater...

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COUNCILMEMBER VICTORINO: Credit?

MR. UEOKA: Greater, I guess, reduction.

COUNCILMEMBER VICTORINO: Yeah. Yeah.

MR. UEOKA: Okay. The, yeah, we definitely need, if you want to go that route, we need to add a lot of language and --

COUNCILMEMBER VICTORINO: Well, I'd like...

MR. UEOKA: --philosophically, there's a lot of things we'd have to work out.

COUNCILMEMBER VICTORINO: Yeah, well, I think that's why something the Ag Group would be looking upon because these are the people that have been ag and as well as in the cattle industry. So these are the people that we are most concerned with, right and so I'd like to see that somehow worked into the program if we can, Mr. Chair.

CHAIR HOKAMA: Thank you for that comment. Okay. Let's go to the areas where we, I'm sure the Members have some input. M is cancellation; N the retroactive application of tax and penalty; O is the waiver of retroactive tax and penalty and P is the grace period. Mr. Teruya?

MR. TERUYA: Is it time to talk about cancellation? I think in this section what I wanted to point out to the Members prior to you having or drawing up some questions is, we've, have kinda looked at a lot of the options of, in the favor of the landowner. I know one of the testimony had talked about death, death is one of the reasons for cancelling. There's multiple there that if you go through, for cancellation of the dedication...

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

MR. TERUYA: By waivers. Yeah, waivers, yeah, sorry. Yeah, I'm sorry, it's in O in the waiver section. So I'm sorry about that. The death or serious illness, taking of the dedicated land by the government, natural disaster, the loss of water, et cetera, and I think at the same time, consideration from the advisory committee. So if you look over those sections, there's a lot of different ways that somebody can get the waiver, so that I'm sure that \_\_\_ some of your questions out there.

CHAIR HOKAMA: Okay. Ms. Baisa, you have questions in this area?

COUNCILMEMBER BAISA: No. I'm glad that we're looking at that because of the testimony.

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CHAIR HOKAMA: Okay. Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: No, Chair.

CHAIR HOKAMA: Mr. Carroll, questions? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. To somebody up there, I'm just curious as to No. 6. What kind of overt act would make...

CHAIR HOKAMA: Which section you looking at?

COUNCILMEMBER COUCH: I'm sorry, in M...M-6.

CHAIR HOKAMA: Okay.

COUNCILMEMBER COUCH: It says, an overt act which makes agricultural use of any portion of the dedicated area improbable or an impossibility. What's the thought behind that?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. The overt act, an example would be if you had a dedicated area and you said we're gonna farm there and smack dab in the middle of it you put up a house.

COUNCILMEMBER COUCH: Gotcha.

MR. UEOKA: Thank you.

COUNCILMEMBER COUCH: Okay, thanks.

CHAIR HOKAMA: That is one conscious attempt at blowing your own farm plan. Stacy?

COUNCILMEMBER CRIVELLO: Nothing right now, Chair.

CHAIR HOKAMA: Thank you. Mr. White?

VICE-CHAIR WHITE: No.

CHAIR HOKAMA: Mr. Guzman?

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COUNCILMEMBER GUZMAN: I guess I might have issues with No. 7, the failure of dedicated area to produce gross farm income of 2,500 as evidenced by...will that, that automatically triggers the cancellation?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you. It would be one of the reasons for cancellation; however, as stated in one of the earlier sections, there is allowance for a waiver of that if, for reasons of hardship or like Mr. Hokama brought up, if you have the type of farm where you, your crop isn't due for a few years, you know, those, there are that types of, those types of farms.

COUNCILMEMBER GUZMAN: Would, and so there would be a process to apply for the waiver and then...

UNIDENTIFIED SPEAKER: Yeah.

COUNCILMEMBER GUZMAN: Okay, we'll just, we'll go into that.

MR. TERUYA: I think what the intent was, if you were, if you're gonna convey that to Division, it'll probably be taken care of. But if there was a disagreement, that you could always file an appeal or go to the advisory board to state your case, so at least there's a process of due, due process --

COUNCILMEMBER GUZMAN: Due process.

MR. TERUYA: --so they can go through it in the case of being denied by the Director.

COUNCILMEMBER GUZMAN: Okay.

MR. TERUYA: Okay.

CHAIR HOKAMA: Okay. Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: The only question I had on this particular area was No. 4. You have mentioned a number of times, Mr. Teruya, that you deal sometimes directly with the landowner, sometimes with the farmer or rancher and/or both as far as taxes is concerned. If per se the farmer or rancher was not the one that was paying and because they had somebody else who was taking care of the taxes and the taxes became delinquent, what would happen to them in this kind of a scenario? Because they may wanna...

MR. TERUYA: ...*(Inaudible)*... a dedication.

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COUNCILMEMBER VICTORINO: So, yeah, so I would like to know what would happen at that point in time, how do they stay current if that's the term you want to use.

MR. TERUYA: Yeah. Well, that would, if you're going to be delinquent and usually delinquency is like, by the start of a, by assessment year, January 1, if you carry over delinquent taxes, that would cancel your dedication.

COUNCILMEMBER VICTORINO: Okay. So the dedication would be lost at that point in time?

MR. TERUYA: Yeah. Well, what would happen is, normally what we're doing, even with the case of home exemptions right now, if you're delinquent, we will send out a notice to the owner stating that if you do not come current by the end of this calendar year, your exemption will be removed and that will be the similar process of what we'll do with ag. So we would notify the owner or lessee or whoever it is that your, this is the situation, you are delinquent, if it does not come current by "x" day, then your ag dedication will be cancelled.

COUNCILMEMBER VICTORINO: Okay. And in the case of I'm leasing the land, I'm responsible for paying for it, right, if I don't pay for it, the owner will have the opportunity to pay for it and keep the dedication. I see Mr. Ueoka waving his hand again. He's not telling me hi, once more. I'm sorry, Mr. Chair.

CHAIR HOKAMA: No, no, no, no, are you done?

COUNCILMEMBER VICTORINO: Before, well, that was my...my second question. The first one was when you had the owner, now what about the lessor and vice versa, I should say. If the lessor and this is the way the question should have been asked and I apologize. If the lessor pays you, the landowner, for the taxes, but the tax money never gets to the tax department, what happens to the lessor? And I guess that was my question.

CHAIR HOKAMA: Okay. Mr. Ueoka?

MR. UEOKA: Thank you, Chair. It's ultimately, like I stated earlier, it's ultimately the owner's responsibility to pay real property tax.

COUNCILMEMBER VICTORINO: Okay.

MR. UEOKA: That's why we made it kind of, we had a discussion early on when we were talking about this and we made it very like crucial that the owner has to be a very big part of this dedication process because ultimately, the owner will be responsible for paying the taxes on the land, and if the land tax is not paid, you know, we're going to go after the parcel, so the owners, ultimately. So in

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those cases where taxes are delinquent, I guess regardless of who's responsible for paying, the dedication will be cancelled according to the language as it is now.

COUNCILMEMBER VICTORINO: Okay. I think that clarifies in my mind and probably for the public out there, who's responsible and if it isn't done, sir, then you snooze and you lose at that point, yeah. Thank you.

CHAIR HOKAMA: Okay. Thank you. Okay. We'll take up the last two components of the proposal. Q, we're proposing something different. It's the agricultural dedication advisory commission and we are putting in place a definite appeals process regarding this consideration. So, Mr. Carroll, any comments, questions regarding the advisory committee or the appeals? Okay. Ms. Baisa?

COUNCILMEMBER BAISA: No, I already commented. Thank you.

CHAIR HOKAMA: Okay. Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah. I'd just like to have a lot more input as in who can submit or not to this commission and, yeah, that's my changes I'd like to see.

CHAIR HOKAMA: Okay.

COUNCILMEMBER COCHRAN: Thank you.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. One of the testifiers asked that we put something in about drought, but it looks like to me, .5 would take care of the drought concern, is that correct, No. 5?

UNIDENTIFIED SPEAKER: O.

CHAIR HOKAMA: O-5.

COUNCILMEMBER COUCH: Will take care of the concern about a drought.

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Yes, I believe O-4 or O-5, even 'cause might be a natural disaster if it's a bad enough drought. So, yes --

COUNCILMEMBER COUCH: Okay.

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MR. UEOKA: --it would be addressed. Thank you, Chair.

COUNCILMEMBER COUCH: Thank you.

CHAIR HOKAMA: Okay. Okay. Any comments or questions on the last two components, Mr. Couch, the advisory or the appeal? Okay. Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No comments, thank you.

CHAIR HOKAMA: Mr. White?

VICE-CHAIR WHITE: No further questions.

CHAIR HOKAMA: Mr. Guzman? Mr. Victorino?

COUNCILMEMBER VICTORINO: So if I may be clear, Mr. Chair --

CHAIR HOKAMA: Yes?

COUNCILMEMBER VICTORINO: --your proposal would then give the same adjudication power as the Board of Water Supply when it comes to appeals? And 'cause, I mean, I'm reading here that any party...under R, the appeal, now is it the same adjudication power as the Board of Water Supply? Because remember now, we gave them that adjudication power . . .*(inaudible)*. . .

CHAIR HOKAMA: Yeah. Yeah. We, and that's a good question 'cause we were putting it slightly different. Mr. Ueoka?

COUNCILMEMBER VICTORINO: Yeah.

MR. UEOKA: Thank you, Chair. We're gonna leave the appeal to be heard by the Board of Review 'cause it's still a valuation question technically because this is all dealing with dedications. This advisory commission is advising the Director, so it probably wouldn't fit too well for them to hear an appeal based on something they've advised the Director on already. We felt the Board of Review is better suited for it.

COUNCILMEMBER VICTORINO: So if I understand you correct, Mr. Ueoka, then this would not be applicable, I mean, how you going have one appeal, any party can, you know, appeal the Director's decision, determined as provided by this chapter? I don't understand that. If you're telling me that the Director is being advised by these people, then he turn around and there's an appeal to the same group on any issue on this chapter? No, you're saying no? Am I reading this wrong?

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CHAIR HOKAMA: No, no, no, I would say what, you are pretty accurate in what you're reading that's before you. What we did not do is communicate better that we need to put into the language of the appeal, the Board of Review is going to be the County agency that by Charter is gonna be assigned this responsibility.

COUNCILMEMBER VICTORINO: Okay, Mr. Hokama, so, Chair, you're saying that this is gonna be changed?

CHAIR HOKAMA: Yeah, we're gonna need to revise it.

COUNCILMEMBER VICTORINO: 'Cause the way I read it now, it would definitely...

CHAIR HOKAMA: You make a good point, Mr. Victorino and we're gonna need to revise it.

COUNCILMEMBER VICTORINO: Okay. Thank you. Thank you for that clarification, and thank you, Mr. Ueoka.

CHAIR HOKAMA: No, that's a good catch on your point, so we appreciate the fresh eyes looking over the proposal. Okay, Members, this is our first pass on this proposal. The Chair will be looking at March 9<sup>th</sup>? Okay. My intent is to try and bring this back up March 9. So if you can, I would ask that you meet with your advisory groups sooner and share whatever documents that we can assist you with to get those type of comments, but the Chair is intending to bring this back March 9 for the second review as well as bring some adjustments on the proposal as we've heard testimony and your comments from Committee. Okay, Members, if there are any questions to the Chair bring it up now. Okay. Having none, I thank you very much for your attendance. This meeting is adjourned. . . .*(gavel)*. . .

**ACTION: DEFER pending further discussion.**

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ADJOURN: 11:48 a.m.

APPROVED:

  
\_\_\_\_\_  
RIKI HOKAMA, Chair  
Budget and Finance Committee

bf:min:150217:jb

Transcribed by: Joanne Bista

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CERTIFICATE

I, Joanne Bista, 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 16<sup>th</sup> day of March, 2015, in Kahului, Hawaii



A handwritten signature in cursive script, reading "Joanne Bista", is written over a horizontal line.

Joanne Bista