

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

February 29, 2016

Council Chamber

CONVENE: 1:33 p.m.

PRESENT: Councilmember Riki Hokama, Chair
Councilmember Mike White, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Don Couch, Member (out 5:09 p.m.)
Councilmember Stacy Crivello, Member (out 1:34 p.m., in 1:44 p.m.)
Councilmember Don S. Guzman, Member
Councilmember Michael P. Victorino, Member

STAFF: Michele Yoshimura, Legislative Analyst
Steve Selee, Legislative Attorney
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)

ADMIN.: Sananda Baz, Budget Director, Office of the Mayor (BF-38(41))
Butch K. Buenconsejo, Director, Department of Parks and Recreation (BF-38(41))
Todd Allen, Golf Course Superintendent, Department of Parks and Recreation (BF-38(41))
Mark R. Walker, Deputy Director, Department of Finance (BF-70)
Scott Teruya, Real Property Tax Administrator, Department of Finance (BF-70)
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: **Item BF-70:**
Mike Molina
Roland Perreira
Diana Custer
Darren Strand, President, Maui Gold Pineapple Company
Kimo Falconer, President/Owner, Maui Grown Coffee, Inc.
Theresa Thompson, Thompson Ranch

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Gerard Thompson, Owner of Thompson Ranch
Annette Niles
Alan Vares
James Chung
Alan Anthony DeCoite, Hoku Nui Farm
Peter Russell
Erik Frost, President and CEO, Hoku Nui Maui, LLC
Victor Pellegrino
Bobbie Becker
Sydney Smith, President, Maui Coffee Association
Alan Kaufman
Faith Chase
James Nobriga, Nobriga's Ranch
Jim McLemore
Joshua Rezendes
Sherman Deponte
Tama Brandeburg
Mark Sheehan (no-show)
Robert Ferreira, Ranch/Land Manager, Kaupo Ranch, Ltd.
Bobbie Patnode
Brendan Balthazar, Owner, Diamond Ranch
Elden Liu
Richard Shim
Marjorie Bonar
Dale Bonar
Patsy Pitts
Martha Lind
Jack Patnode
Pat Borge
Barbara Fernandez
John Wilson
Simon Russell, Legislative Committee Chairman, Hawaii Farmers Union
United
Alika Atay (no-show)
Phyllis Robinson (no-show)
Marie Janiszewski
Kalani Ho-Nikaido
Mae Nakahata, Director, Ag Research, Alexander & Baldwin, Inc.
Warren Watanabe, Executive Director, Maui County Farm Bureau
Lynn McCrory, Senior Vice President of Government Affairs, Pulama
Lanai
William Spence
Harriet Agena Taniguchi
William Jacintho, President, Maui Cattlemen's Association
Yuki Lei Sugimura
Jeffrey Parker, President, Tropical Orchid Farm, Inc.
Jane Grover (no-show)
Brad Grover (no-show)

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Gerry Ross
Rose Marie Medeiros (no-show)
George Helland (no-show)
M. J. Partin
Rebecca Russell (no-show)
Licia Sakamoto
Bernice Lu
Eve Hogan
Ernest Rezens
Kathy King, State Statistician, USDA, NASS, Hawaii Field Office
Pua Canto, President, Kula Community Association (no-show)
Hugh Starr
Brian Wittman (no show)
Igor Vernik, Maui Coffee Association (no-show)
Terez Amato (no-show)
Steve Bond
Masako Cordray Westcott
Barbara Jacintho
Albert Perez, Executive Director, Maui Tomorrow Foundation
Lucienne de Naie
Others (20+)

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

CHAIR HOKAMA: . . . (*gavel*) . . . The Council's Committee on Budget and Finance shall come to order. This is our regular meeting of the 29th of February. The year is 2016. Present at this meeting is the Vice-Chairman, Mr. White.

VICE-CHAIR WHITE: Good morning, Chair. Good afternoon.

CHAIR HOKAMA: Good afternoon. And we have Committee members, Mr. Carroll.

COUNCILMEMBER CARROLL: Good afternoon, Chair.

CHAIR HOKAMA: Good afternoon, sir. Ms. Baisa.

COUNCILMEMBER BAISA: Good afternoon, Chair.

CHAIR HOKAMA: Ms. Cochran.

COUNCILMEMBER COCHRAN: Aloha, Chair.

CHAIR HOKAMA: Mr. Couch.

COUNCILMEMBER COUCH: Aloha, good afternoon, Chair.

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CHAIR HOKAMA: Ms. Crivello.

COUNCILMEMBER CRIVELLO: Good afternoon, Chair.

CHAIR HOKAMA: Mr. Guzman.

COUNCILMEMBER GUZMAN: Good afternoon, Chair

CHAIR HOKAMA: And Mr. Victorino.

COUNCILMEMBER VICTORINO: Good afternoon, Chair.

CHAIR HOKAMA: Good afternoon, Members. We have two items for today. We have a lot of people that would like to share comment on the second item so we're going to clear the agenda by taking up the first item at this time. So the first item we have before the Committee is BF-38(41). This is an amendment to the Fiscal Year 2016 Budget, the subheading is Department of Parks and Recreation, Waiehu Golf Course Program. And so if there is anyone that would like to give testimony on this item only, please make yourself known. I know the majority of you is for the next item, but is there anyone wishing to give testimony on the Parks' request at this time, make yourself known? Okay, we'll go to our District Office on Lanai. Ms. Fernandez, anyone wishing to provide testimony on the first item?

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

CHAIR HOKAMA: Thank you. We'll go to Molokai and ask Ms. Alcon if there is anyone wishing to provide testimony.

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

CHAIR HOKAMA: Thank you. Members, on the first item, there's no request for testimony. So with no objections, we shall close testimony for the first item only.

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR HOKAMA: Okay, thank you very much. So ordered.

**ITEM 38(41) AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET
(DEPARTMENT OF PARKS AND RECREATION,
WAIEHU GOLF COURSE PROGRAM)**

CHAIR HOKAMA: May I bring up to your direction BF-38(41). We have a bill for an ordinance from Mr. Baz, Director of Budget, requesting a transfer of funds. So at this time we'll ask Mr. Baz if he has any comments for the Committee members.

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MR. BAZ: Thank you, Mr. Chair and Members, good afternoon. Sandy Baz, Budget Director. The item before you this afternoon is a transfer of funds from the Department of Parks and Recreation, Operations to Equipment, for some expenditures of equipment within the golf course operations that require additional funds from what was originally budgeted. It's a small, \$15,000, so information is there before you and we have the Director, as well as the Parks Superintendent, here to answer any questions you might have.

CHAIR HOKAMA: Thank you. Mr. Buenconsejo, our Director of Parks, any opening comments?

MR. BUENCONSEJO: Chair? Thank you, Chair. No direct comments, Chair. Just a point of moving Operations money from Recreation over to the Golf Course Fund, and I do have, again, Superintendent from the Golf Course, Todd Allen, to answer any operational questions. Thank you.

CHAIR HOKAMA: Thank you, Director. Mr. Allen, thank you for being here this afternoon. As our Superintendent, do you have anything you wish to share with the Committee?

MR. ALLEN: Thank you, Chair. No, not at this time.

CHAIR HOKAMA: Okay, thank you. I'll ask the Members if they have any questions on the request. Mr. Guzman, any questions as our subject matter Chair?

COUNCILMEMBER GUZMAN: No questions at this time. Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: None at this time. Thank you.

CHAIR HOKAMA: Mr. Carroll, questions for resources? Ms. Baisa?

COUNCILMEMBER BAISA: No, thank you, Chair, very clear.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: No, thank you.

CHAIR HOKAMA: Mr. Couch? Mr. White?

VICE-CHAIR WHITE: No questions. Thank you, Chair.

CHAIR HOKAMA: Okay, Chair will ask one last time if there's any questions or requests of our resource people, Mr. Baz, Mr. Buenconsejo and Mr. Todd? Having none, the Chair is open for a motion to recommend to Council passage on first reading, a Bill for an Ordinance Amending the Fiscal Year 2016 Budget for the County of Maui as it Pertains to Estimated Revenues; Department of Finance, Countywide Costs; Department of Parks and Recreation, Park Maintenance Program, Waiehu Golf Course

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Program - Golf Fund; Total Operating Appropriations; and Total Appropriations (Operating and Capital Improvement Projects), as well. . .do we need any filing? And this would also allow Staff to make any nonsubstantive changes required for the bill.

VICE-CHAIR WHITE: So moved, Mr. Chair.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

CHAIR HOKAMA: I have a motion by Mr. White, seconded by Mr. Victorino. Members, any further discussion on the motion before you? Having none, all in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with eight "ayes," one excused, Ms. Crivello.

VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Baisa, Carroll, Cochran, Couch, Guzman, and Victorino.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Crivello.

MOTION CARRIED.

ACTION: FIRST READING of bill by C.R.

CHAIR HOKAMA: Gentlemen, we thank you for your attendance with the Committee this afternoon. Thank you so much.

MR. BUENCONSEJO: Thank you, Chair.

MR. ALLEN: Thank you, Chair.

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

CHAIR HOKAMA: Okay, that was very good. Members, we will now move onto BF-70 under the heading of Disparity of Real Property Assessment for Agricultural Versus

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Non-Agricultural Lands. Before we take up testimony, the Chair will give a short overview with this item and then we shall take, and just so people know, we have about 31 people requesting to provide testimony this afternoon and we shall give all of you your opportunity to share your comments with us. Some of the opening comments I'm gonna share with you, members of the Committee and our community, is this is not a new subject before this Committee. The Chair can recall that, let's see, a TIG, an initial TIG, I think, was started in 2001, 15 years ago, and this is the third TIG review by a Council committee. So this is not a new item before this Committee. It's something we have requested, discussed many times over the decades, and I think this is a ample time regarding the changes in our agricultural sector, HC&S properties, properties from Maui Land & Pine, to see where this County wants to go and whether or not, depending on the cycle, this County wants to continue to put forth between 15 and \$30 million a year for subsidies. Currently, in the current year budget, we are looking at about a \$21 million subsidy to agriculture and whether or not we should maintain it, who is paying it, is it fair to those that pay for it and those that are receiving it, does it continue to be justified to continue to provide a subsidy for this type of properties? So that is part of the discussion before the Committee and the community. I'll also say that before we start, most of the things you see in the draft bill, you will see as a result of recommendations given to a temporary investigative group or the TIG, and as stated earlier, as far as 2001 that I can recall. And the intent is to develop a standardized tax assessment methodology that would apply equally to both the homesites, portions of Ag parcel, as well as the homesite portion of the non-agricultural parcel. This is on a page that we printed out and present to the whole community under frequently asked questions ____ regarding agricultural homesites. What is a homesite? The current, the homesite under the proposed bill would be portions of a parcel, excluding (a) the portion in agricultural use and (b) the portion that is unusable or unsuitable land for agricultural use. In general, a homesite is an area primarily used as a residential dwelling unit. We shall also continue to discuss how Ag land for agricultural homesite is determined, whether non-agricultural homesite land value, what is being proposed under the homesite components, will the homesite bill change the way my agricultural lands or building values is calculated? In our handout, the answer is no. Under the proposed homesite bill, approximately how much of a tax increase would landowners see on average? On agricultural property with a homesite will see an average of \$270 per year. If this proposed bill passes, can a homeowner exemption still be claimed by the property owner? The answer is yes. The bill will not impact your application for a homeowners exemption or your Homeowner's rate. Some of the things that we are gonna also share is some general information that Corp. Counsel, as well as RPT, be sharing shortly after me. And, just so that the public is aware, this is one of many steps. This Committee is intending to look at all subsidies, so not just agricultural land, historic buildings subsidies. We shall also review whether or not nonprofits should continue to receive subsidies. This is about a policy to bring forth consistency in equity as how we assess and we shall consider taxation for homesites. And I will inform the Committee, agricultural support is not an entitlement. We will not look at ag support as entitlements. Okay.

UNIDENTIFIED SPEAKER (from the audience): Can you speak up, Riki?

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CHAIR HOKAMA: Sure, happy to, happy to. Thank you for that comment. So as I said earlier ...

UNIDENTIFIED SPEAKER (from the audience): You should recuse yourself because you're lobbying for your own bill.

MR. KAUFMAN (from the audience): Shut up.

CHAIR HOKAMA: Hold on guys, hold on guys, hold on guys, hold on guys, everybody will have their opportunity to share your points of view when you have your testimony, okay. Please, you know, everyone, I know you have differences of opinion and that's fine and that's what we are here to hear this afternoon, your points of view regarding this proposal, okay. So at this time I'm going to ask Corporation Counsel if he could give us a brief summary of the bill as proposed.

MR. UEOKA: Thank you, Chair. I guess, starting on Page 1, Councilmembers, the first thing we do is we define agricultural use, which would mean the active, commercial and primary use of land for any of the following. It goes through a list, aquaculture, crop production, livestock production, horses, grazing of animals used in livestock production, production of livestock byproducts and plants for food, fiber, energy, flowers and foliage, tree farms, bees and related natural products, biomass, nuts and seeds. And in there we also clarify that ag use does not include the use of areas primarily as yard space, setbacks, landscaping or for the planting of fruit or ornamental trees, flowers and vegetables primarily for home use. And also in the urban state land use district, it won't include pasturing or grazing. So just kind of serves to give an idea of what we are defining agricultural use as. It goes on to define aquaculture. Moving on, Mr. Hokama already went over the definition of homesite. And one of the other key ones, definitions, we're adding in here is a land use change. So for this section of the Code, for land dedicated for a specific agricultural use, a change or subdivision initiated or authorized by the owner, as follows: a change in the State land use classification from ag to urban or rural, a change in the County zoning from ag, from the agricultural district, or a final subdivision approval of the dedicated area, provided that a family subdivision shall not constitute a land use change. So family subdivisions won't constitute a land use change. We also have the definition of maintain as agricultural land. Moving further down, we define substantial and continuous agricultural use and it will include necessary and customary fallowing periods. The unusable or unsuitable land for agricultural use would also, it's exactly kind of what it says, land that is not usable or suitable for any agricultural use, such as gulches or eroded bedrock, as determined by the Director. We move on to add in 3.48.185, Section 3, clarification on the assessment year versus the tax year. It's the common practice, it's just being clarified in Code. Moving on to Section 5 would be an amendment to 3.48.305, which is, goes over the classification, allows for a portion of a parcel to get the homeowner exemption, as opposed to the entire parcel as it's worded right now. Moving on to Section 6 on Page 5, land use, 3.48.320 would be deleted. It's essentially getting rid of the existing agricultural valuation methods, which would be replaced by the new section. On Section 7, 3.48.325 is repealed. It's essentially covered in Section M of the new section. On Section 8 on Page 6, we're deleting the unusable or unsuitable land for agricultural use in the valuation portion as it will be

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accounted for in the valuation as it typically has a low value. The existing section for dedicated lands, 3.48.350 in Section 9 on Page 7 is being deleted as it's being taken up with the new proposed section. So if you could skip to Page 10. Okay, this is where it starts, the new section, 3.48.351. The first step in all of this would be the petition for dedication. So an owner of land that would desire to dedicate to a specific agricultural use would submit a petition to the Director. All of this wouldn't start, technically, until January 1, 2019, with the discounts coming into play in Fiscal Year 2020 but the petitions would be due on July 1, by July 1, 2017. This is to give Real Property Tax enough time to ramp up to take all of the, review all of the applications with the proposed ag committee. We did choose owner, as opposed to just anyone, because this dedication has a penalty attached to it if you don't fulfill it, it's the rollback, and we wanna avoid the situation where land is dedicated without the owner's knowledge or consent and when farming stops, they're subject to a rollback. We wanna make sure the owner's aware of exactly what's going on with his land, his or her land. Okay, so part of the application will be, in Part 1, an agricultural use plan form, which will be filled out. Where the owner is leasing land, we'll need a copy of the lease and we're asking that the lease term shall be greater than or equal to the term of the dedication, again to prevent situations where there's no one left to farm the land during a dedicated period. The next section, a declaration. We're going to request a State of Hawaii GET license for the agricultural purpose. The next section would be a transcript of an applicable Federal tax return including Schedule F, where it's applicable, documenting gross farm income greater than or equal to \$2,500. This is, was brought up as a point of contention; however, we should make it clear that each TMK would not be required to submit its own \$2,500 'cause businesses will be having the tax return. So if one business has multiple TMKs under it, that same \$2,500 requirement would be for multiple TMKs, technically, if it's the same business applying for 'em all. Just some evidence that the proposed dedicated area is currently in agricultural use as specified in the petition and dedicated area will produce farm income prior to the expiration of the dedication period for those types of farming that don't immediately produce income. And there's a waiver from that \$2,500 requirement for certain, in certain circumstances. It's in Section C on Page 12, we'll get to that. And then there's different requirements for urban State land use district. Then the next section, B on bottom of Page 11. So the Director will receive these applications and he will transmit them to the Committee, which is created in Section P on Page 16. The Committee would make a recommendation to the Director to approve or deny; however, the Director ultimately has the authority. We feel that the Director will likely follow the recommendation of the experts but it is ultimately the Director's decision. Moving on to Page 12, bottom of 11, top of Page 12, go over the various things the Director should look at. As mentioned before, C contains the waiver, that would also probably be reviewed by the Committee. We also put in a section on D to transmit the agricultural use plan to the Department of Planning. Planning does currently require a farm plan but it's a little different than this and we just are requesting us send it to the Planning Department so everyone's on the same page or we hope to be on the same page. Moving on to Section E. This is where the discount is taken into account. So all land will be assessed at its market value. If you dedicate for 5 years, you'll receive a 50 percent discount from fair-market value. Dedicate for 10 years, 80 percent discount from fair-market value, 15 years, 90 percent from fair-market value and a 20-year dedication will get you a 98 percent

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discount from fair-market value. Moving into F, the homesite is, as Mr. Hokama said, however, the difference is it's going to be assessed independently from the remainder of the parcel. It's just going to be assessed on its own, the homesite portion on its own, not as a portion of the whole parcel and it'll be valued in that way. And in this bottom part, the Director will make the determination as what the homesite is in accordance with the definition as we stated earlier. And we're looking at it, so the minimum homesite will be 6,000 square feet in area, which I believe is the smallest area allowed in, for a residential lot. Section G, change in agricultural use. This goes on to allow for changes in the agricultural use and essentially, if someone decides to go from ranching to crop production, they can come in and do an application and it'll be allowed, you know, if it's reviewed by the Committee and recommended.

COUNCILMEMBER VICTORINO: Mr. Chair? Would you kindly ask the audience to please keep their comments. I would appreciate them understanding that we're trying to explain to them what this whole proposal is and if they have their comments, they can come up later and they can put their testimony and bring their different opinions up, like you have stated. If they don't and they cannot abide by these decisions or by these rules, then they can be, they can leave. That's really simple. And I'm talking right now, I will not keep tolerating hearing these little backdoor comments behind of me. Thank you, Mr. Chair.

CHAIR HOKAMA: Thank you. Again, please, everyone, there's, this is a very important discussion this afternoon. We'll have your opportunity to share your points if you sign up for testimony and the Chair will state now, anyone that conducts themselves in a disorderly manner, the Chair will have enforcement escort you out of the building, okay. We shall have a civil review of this item and everyone will give each other the same courtesy as you will be given when it's your opportunity to share your thoughts. Thank you, Mr. Victorino. Mr. Ueoka, please continue.

MR. UEOKA: Thank you, Chair. We feel this is necessary as part of the reason for the agricultural use plan was, currently there's been a lot of discussion as to what's ag. By having an original agricultural use plan as part of the dedication is it's essentially what the farmer is telling us is ag and the inspectors will just have to go out and verify that what was said in the application is still going on and if it is, fine, no problem, it's agricultural use 'cause that was a decision already made by the Director and the agricultural review commission or, sorry, Agricultural Dedication Advisory commission, Committee. So part of that was we also saw the need to allow for change so there's a process set up. The next section, Section H, allows for expiration, 5, 10, 20 years or 5, 10, 15, 20 years shall automatically expire upon the expiration of the dedication period unless renewed. There's a renewal process. You just have to do it the year before it expires. The next section is the extension. This came up, was if you've already dedicated for 5, 10, or 15 and you decide midway that you'd like to further dedicate and get the higher discount benefit, you can extend your current one and you'll get credit for the years already served in the lower one. You can't get any back credit or anything, in the sense that you won't be eligible for the higher percentage discount for those years that are already past but moving forward, if you go from 5 to 10, and you're in year 4 of your 5-year dedication, you'll be in year 4 of your 10-year dedication also. The next section, K, the right to inspect. We have that

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in there for inspections. Advanced notice will be necessary when the inspector would like to go onto property, physically enter the property. L is cancellation. An owner can dedicate, can cancel dedication for a portion at any time they want but it will be subject to the retroactive application of tax and penalty as set forth in Section N. A dedication in its entirety shall automatically cancel upon a determination by the Director that any of the following has occurred: not utilized in accordance with the ag plan or is not in substantial and continuous agricultural use for a period of 12 consecutive months. The provision shall not apply to a dedicated area being converted to a substitute agricultural use. So if you're changing and it's not in ag, substantial and continuous agricultural use, that makes, it makes sense, it's not a cancellation. Any land use change as defined by this chapter, went over that in the definitions. If you condominiumized your property, fail to pay your real property taxes, don't follow up with your change in agricultural use within 36 months of the approval, an overt act which makes agricultural use of any portion of dedicated area improbable or an impossibility. For instance, if you put up a house in the middle of a place you dedicated to be farmland, and it's a residential unit, it's obviously cannot be used for farming at that point. And failure of the dedicated area to produce the \$2,500 as evidenced by gross farm income greater than \$2,500 as evidenced by the transcript of a Federal tax return. Again, that would be for the businesses. And there's going to be failure to respond in a timely manner to requests for information by the Director. Section M is the retroactive application of tax and penalty. It's basically the difference between what you would've paid and what you did pay, with a 10 percent penalty. And it's going to be, it's a lienable tax thing. Here's, N is the waiver. The Director may waive the retroactive application of tax and penalty. If the change of State land use classification was not a result of a petition by the owner, it'll be waived. If the owner, or the farmer at that point, death or serious, debilitating, long-term illness or injury, suffered by the owner, in those situations where the owner is the individual actively engaged in the agricultural use of the dedicated area, there's no cancellation, no penalty, the taking of the dedicated area or a portion thereof by a government entity, natural disaster, such as a wind storm, flood, disease, or infestation that destroys the crop or livestock on the dedication area, and the loss of adequate water. So if any of these happen, they'll be a mechanism to allow for the cancellation of the dedication without the retroactive application of tax and penalty. The next section is a grace period. In the event that an owner, their lessee is, their lease is terminated or you can't find someone else to take over, taxes are delinquent, default of a mortgage on the property, basically it lets, no cancellation goes into effect. The, you won't get the discount but you won't be subject to the waiver, I mean the retroactive application of tax and penalty during the grace period and you have some time to try and get something figured out. The next section is the Agricultural Dedication Advisory Committee. It would be a three-member panel with two alternate members. No perfect answer here but the idea was you don't want a panel that's too big so it might be difficult to get quorum all the time 'cause this is potentially a very, going to be a very active committee at the start, lot of applications to review, and currently it says the Farm Bureau shall submit a list of nine members to the Mayor for nomination to the committee and then each nominee must be approved by the Council. So it'll be, ultimately Council approval. And, finally, there's a right to appeal any determination made by the Director to the board of review as provided for in this chapter. That's a brief overview, Chair.

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CHAIR HOKAMA: Okay, thank you very much.

MR. UEOKA: Thank you.

CHAIR HOKAMA: We'll have Real Property Tax Division give their opening comments. We'll have Real Property Tax Division give their comments at this time.

MR. TERUYA: Chairman, as far as comments to the proposed bill, we don't have any comments at this time. There is certain policy items that we can support as it relates to policy. Some of the things that would make it easier for the division, such as moving from a use-space system to market value as market value is something that we do on an annual basis. That would be more consistent with what we, how we operate. Other than that, Chairman, all the items as far as the years of dedications and the amount of discount for fair-market value, as I mentioned to you before, we are still the Assessment Division, not taxes and we don't have any comments on the policy on that decision so whatever this Committee or this body chooses to do, that's, we're open with it.

CHAIR HOKAMA: We appreciate your comments and we appreciate you making the clarity that your responsibility is more on the assessment or value, not actually the rates and the taxes that come from those valuations. I would ask if you could give us some general comments. I requested four visual aids to assist the community and the Committee. So if we can have those initial things on the screen please? Okay. So the first one is a chart of the County in general by various communities, not exactly the districts per se, but, and I know the font is bad for the community members but if you could just give us a sense of what each of the nine areas represent please?

MR. TERUYA: Chairman, I'll just wait 'til everybody gets their handout.

CHAIR HOKAMA: Okay, thank you.

MR. TERUYA: Chairman?

CHAIR HOKAMA: Mr. Teruya?

MR. TERUYA: Thank you.

CHAIR HOKAMA: And, Mr. Teruya, again, for the community, if we can please speak in our mics. Thank you.

MR. TERUYA: Thank you. The first line that's before you folks are the ag tax savings or subsidy by city or district. So as you see they are not Council districts, there are 11 separate districts before you. Each district represents the total acreage in the agricultural, the existing market value, which are the highest and best use value, the assessed value, which is something net of market value because of the agricultural use, the appropriate savings because of the agricultural use, and then the value or the

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taxes associated with that value, and, lastly, the number of parcels receiving agricultural use in the individual areas. So as we go to the second slide --

CHAIR HOKAMA: Okay, thank you.

MR. TERUYA: --the two pie charts. The pie chart on the left is basically an illustration from the slide number one, which is simply to break down the tax savings by areas as far as a dollar amount. The pie chart on the right is simply the same information except as a percentage. On the slide number three, this is the districts, the nine districts by Council district break up. I didn't know how you guys wanted it broken up so we broke it up by city and this illustration here is by Council district. The highlighted areas identify the tax subsidy in the areas and the summation of about \$20.2 million.

CHAIR HOKAMA: Okay.

MR. TERUYA: The fourth slide is basically the same thing from the first chart. It's just a little larger for you to see, for those who are somewhat visually challenged, as far as gives you the acreage per city, the market value, assessed value, the value in savings, which is the assessed value, and then the appropriate revenue savings, the number of parcels taking advantage of the program, and the last of all is the percent as tax. Chairman, that's all I have for you.

CHAIR HOKAMA: Okay, thank you.

MR. TERUYA: I'm not sure if you wanted to cover the last slide.

CHAIR HOKAMA: Yeah, why don't you do the last slide and then I'll ask the Members if they have any questions for clarification and then we'll ask our community for their viewpoints on this item.

MR. TERUYA: Okay, Members, I think this is a condensed version of the illustration I gave you at the last Council hearing which identifies a larger parcel of 10.5 acres with a total land assessment of 96,400. It has a 1-acre homesite valued at \$94,500 and across the street there's a half-acre site without agriculture, market value of land at \$368,000. And the reason why we brought this illustration up was to highlight the point of this bill, which was to address the inequities of homesite valuation and this is a very good illustration because it is across the street of each other, to show that although that people may feel that or perceive that the homesite that receiving agriculture is being valued at market value, it is a portion of market value under the existing ways that they did assessment practices back from the days of the State. Market value across the street, a parcel that does not have any agriculture, currently valued at 368,000 and across the street of 96,400, so this was probably the best illustration I could really point out the inequities and the aim of this bill, which was to clean up consistency and fairness in taxation of homesite. And with that, Chairman, I am open to any questions at this time.

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CHAIR HOKAMA: Okay, Members, I'll let you ask some questions for clarification and then allow the community their opportunity to testify. And then we'll go into the nuts and bolts of each section of the proposed bill. So I'll start with you, Mr. White.

VICE-CHAIR WHITE: Thank you, Chair. If you could bring that slide back up again? Sorry. Just to be clear, when you're talking about values, it's only the values of the land, not of the structures at all? Is that correct?

MR. TERUYA: That is correct.

VICE-CHAIR WHITE: Okay, thank you.

MR. TERUYA: But the whole illustration was to point out the valuation, inconsistencies of the homesite.

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

CHAIR HOKAMA: Okay, thank you. Mr. Guzman, any question for clarification?

COUNCILMEMBER GUZMAN: Yeah, Chair, I just need a moment to actually review some of these numbers. Thanks.

CHAIR HOKAMA: Okay, sure. Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you, and, Mr. Teruya, we're looking at this picture, the pasture area, the 9.572 acres that is valued at \$1,900. That is an actual pasture that is actively being used at this time?

MR. TERUYA: To my knowledge, yes. It's the 9.572 acres.

COUNCILMEMBER VICTORINO: Right, which you're pointing out, which is the arrows that you're pointing out around. And so then the home itself is one acre and it's assessed at 94,500?

MR. TERUYA: That is correct.

COUNCILMEMBER VICTORINO: So that's what your, what we're basically trying to decide is, what homesite acreage and what the true value, market value is, not so much the pasture?

MR. TERUYA: Correct.

COUNCILMEMBER VICTORINO: Am I correct?

MR. TERUYA: Yes.

COUNCILMEMBER VICTORINO: Okay, thank you.

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CHAIR HOKAMA: Thank you. Mr. Carroll, any questions, sir? Ms. Baisa?

COUNCILMEMBER BAISA: Not at this time. Thank you.

CHAIR HOKAMA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you, Department. And I don't know if I'm really that comfortable with the word subsidy, Chair, just to be straight forward with you. But I'm just I'm looking at your colored map breakdown of the island and then looking at West Maui in particular. So with all the total acres, market value, you're saying 363 mil plus but we only assess the, that 8,700 acres at 49 mil? But if we assessed it all at market, we would add an additional 1.7 mill? Is that what ...

MR. TERUYA: That is correct.

COUNCILMEMBER COCHRAN: Okay. And the 240 is what?

MR. TERUYA: The number of applications or the number of people taking advantage of the program or are currently in the program.

COUNCILMEMBER COCHRAN: In the ag ...

MR. TERUYA: Two hundred forty parcels or applicants.

COUNCILMEMBER COCHRAN: So these are people with farm plot plans and they're all assessed at Ag because they've gone with the, they've been inspected and deemed as ag producers?

MR. TERUYA: That's correct.

COUNCILMEMBER COCHRAN: Okay. And thereby getting that tax, part of that 1.7 mil tax savings, I guess, per se? Okay, thank you, Chair, just wanted a clarification on the breakdown on those numbers.

CHAIR HOKAMA: Sure. Mr. Couch?

COUNCILMEMBER COUCH: Not at this time. Thank you.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Not at this time. Thank you.

CHAIR HOKAMA: Okay. Anyone else needs a question for clarification? If not, we are going to move into public testimony at this time. And so, the number has grown, people, so you know that we're at 65, so times that by 3 minutes and that's the minimum we're going to take for public testimony. When your name is mentioned, if you can please come forward. The second name, if you could please get yourself ready to present

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your testimony before the Committee. Under this Committee, as we've posted, you have three minutes to share your thoughts with the Committee members. You are to direct your comments basically to the Chair. You will not address the audience or the Committee, per se, in general. I will assist you with time and I'm gonna ask if we can please all be cognizant of the time. Like I said, there's 65 of you that wants to give testimony at this time and we are going to give everyone an equal amount of time. And the time is three minutes. If you have more to say, the Committee is open to continue to receive your additional comments. You can turn it in by e-mail, traditional writing, whatever form is more convenient for you. The Committee will continue to receive testimony from those that wish to use other means to submit. So stating that, also please, including Members, please turn your devices to vibrate or silent mode, please. So the first person is Mr. Mike Molina, and after Mr. Molina, he'll be followed by Roland Perreira.

. . . BEGIN PUBLIC TESTIMONY . . .

MR. MOLINA: Aloha and good afternoon, Mr. Chairman --

CHAIR HOKAMA: Good afternoon.

MR. MOLINA: --and Committee members. First of all, thank you, Mr. Chairman, for conducting this meeting today. For the record, I'm Mike Molina, a resident of Upcountry, Makawao, and I'm currently an Executive Assistant for Mayor Arakawa and I have taken vacation to testify on this item. Like all of you, we support our farmers, ranchers and agriculture. Agriculture has been in the headlines over the last couple of years as it relates to sustainability, the GMO controversy, and now the closure of HC&S. It is so imperative that we stand up for preserving and promoting our agriculture, especially our local agriculture. One of the objectives of BF-70 is to catch those who cheat on their taxes, which we all can support and those who want to use agriculture as a loophole from paying their fair share. However, there still may be questions about the bill in its present form. The inclusion of market-value assessments and dedications, just to name a few. There are many issues that need to be addressed before moving on, but, Mr. Chairman, thank you for providing a historical analysis and progress of the bill to provide clarification, also to Corporation Counsel Ueoka. This will certainly be helpful. I would suggest, maybe if we can circulate a flyer to our Upcountry citizens. To be honest with you, there's a lot of information to digest today and I think it would help ease people's fears if we see it in writing and a lot of the questions that people have, could possibly have been answered. And I'm old fashioned. I like to see something in writing 'cause I forget fast. So I think that would certainly be helpful. And while well-intended, there may be unintended consequences that could severely affect the wellbeing of the innocent or those who pay their taxes and follow the law. A final decision should not be made today. Please respect and consider the work of the Ag Group, which was organized by Councilmember Guzman, thank you for that. And please continue to consider their recommendations. And, finally, Mr. Chairman, if you would please consider, you and the Committee members, holding an evening public hearing in Upcountry Maui on this bill before any final decisions are made. You could circulate that written information

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to people at that meeting so a lot of questions could be answered. Many folks who would like to testify are unable to come because of work on their ranches and farms and other occupations. Councilmember Victorino, I remember years ago, respected the wishes of our Upcountry citizens and at the time he chaired the Water Resources Committee and you held an evening meeting on the Hamakuapoko controversy, the well. So that was very much appreciated by the community. So in conclusion, Mr. Chairman, getting testimony from today as well as a potential future public hearing in the evening will be helpful in crafting a bill that is effective at catching those who cheat, supports agriculture, and protects our many kamaaina families from economic harm and disaster. Thank you.

CHAIR HOKAMA: Thank you. Members, any questions for Mr. Molina? Okay, thank you very much for your testimony this afternoon and your request. Mr. Perreira is next, followed by Diana Custer.

MR. PERREIRA: Aloha.

CHAIR HOKAMA: Hi.

MR. PERREIRA: Aloha. Thank you for giving me this time to testify. I'm Roland Perreira, small rancher in Makawao. Anyway, I wrote things down, which I now going shoot from the hip after I start. That's just the way I am. Anyway, I ask, I really ask that you vote no on this bill. I'm a small rancher and for those of you who, everybody here, I am very fortunate to ranch on my sister-in-law's 20-acre property, which was previously owned by Samuel Kalama. I'm just starting off. So for me to make that 2,500 is going to be rough. You know, it's very hard, cattle prices is high. I raise cattle, goats, sheep and I also work for HC&S, that's my primary job. By the end of this year, I will be a statistic of HC&S. I might, I really, hopefully plan on going full-time into farming but with this bill and probably trying to get leasehold lands, it just might knock me backwards and become just another statistic of the State, you know. I wanna make my money to take care of my family. I don't want to use the State money to take care me and my family but if this tax thing goes through and they don't dedicate, well, I don't think I can be able to afford to start up or even move on at this, you know. It's going to be really rough on the small guys who's just starting off. And you're gonna discourage people who's trying to get started in agriculture. I really wish and hope that you all vote no on this bill. Thank you very much.

CHAIR HOKAMA: Thank you for your testimony. Diana Custer, and followed by Darren Strand.

COUNCILMEMBER COUCH: Mr. Chair?

CHAIR HOKAMA: Yes, Mr. Couch?

COUNCILMEMBER COUCH: Are we going to be allowed to ask questions of the ...

COUNCILMEMBER BAISA: Questions?

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CHAIR HOKAMA: Yes.

COUNCILMEMBER COUCH: Okay. 'Cause I had one for Mr. Perreira.

CHAIR HOKAMA: My apologies. Would you like the gentleman to return?

COUNCILMEMBER COUCH: Just real quick, if you wouldn't mind.

CHAIR HOKAMA: Mr. Perreira, I apologize. There's a question for you. Thank you so much --

MR. PERREIRA: Yes.

CHAIR HOKAMA: --for coming back. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Perreira, for being here and for your testimony. In the discussion by Mr. Ueoka, there were actually two really diverse sections of the bill. So I'm just curious, are you, your concern is more towards the dedication portion or the homesite portion or both?

MR. PERREIRA: Both.

COUNCILMEMBER COUCH: Okay, thank you.

MR. PERREIRA: Thank you.

CHAIR HOKAMA: Ms. Baisa?

COUNCILMEMBER BAISA: Hang on, Mr. Perreira. You made a reference to the fact that it was difficult for you to raise the \$2,500. Can you tell me how many cattle you raise or what you can do with your land and why this is a problem?

MR. PERREIRA: Well, I am, over the decades, that land was vacant and was just empty so I been fencing and fixing and I still, I've been doing that very, a lot, and right now I have a total of 5 cows, 4 steers, 8 goats and 4 sheep and about--and by the way I have a lot of welfare chickens living on there too that comes from the County.

COUNCILMEMBER BAISA: I see them, I see them. And even with that, you can't, you don't see this 2,500 as a good amount?

MR. PERREIRA: Eventually, maybe. But depending on what the taxes is and how much it cost me in feed and stuff, it may discourage me if I can't make enough, you know. It'll be very easy to be discouraged on that. I like to see, like I said, all my life I worked in agriculture. I put in 10 years at Maui Land & Pine and then I put in 25 years at HC&S.

COUNCILMEMBER BAISA: Wow.

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MR. PERREIRA: At HC&S, I am an agriculture mechanic, which people probably don't know, I'm the guy who put together harrows, I put together plows, I do all kind of ag farm, I'm a farm mechanic and, let me tell you, when HC&S goes down, there ain't going to be too much need for ag mechanics.

COUNCILMEMBER BAISA: I guess you kinda answered my question. I was going to ask, are you gonna lose that job?

MR. PERREIRA: Unfortunately, yes.

COUNCILMEMBER BAISA: I'm sorry to hear that but thank you.

MR. PERREIRA: Thank you.

COUNCILMEMBER VICTORINO: Chair? Chair?

CHAIR HOKAMA: Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And thank you, Mr. Perreira, for being here. And my sincere hopes that things will work out for you. Let me ask you this question. You mentioned about putting in fencing and putting, how much upfront cost have you put in, more or less?

MR. PERREIRA: Whoa.

COUNCILMEMBER VICTORINO: Yeah, okay, whoa, but no.

MR. PERREIRA: Yeah.

COUNCILMEMBER VICTORINO: Give me amount, not whoa.

MR. PERREIRA: This is, I'm just shooting from the hip.

COUNCILMEMBER VICTORINO: Yeah, shooting from the hip.

MR. PERREIRA: Okay, 20 acres.

COUNCILMEMBER VICTORINO: Yeah.

MR. PERREIRA: I had to fence at least 15 of that 20 acres.

COUNCILMEMBER VICTORINO: Okay.

MR. PERREIRA: Okay. I say I spent over 10 grand --

COUNCILMEMBER VICTORINO: Ten grand just in --

MR. PERREIRA: --and it's still climbing.

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COUNCILMEMBER VICTORINO: --upfront cost?

MR. PERREIRA: Yes.

COUNCILMEMBER VICTORINO: And climbing?

MR. PERREIRA: And climbing.

COUNCILMEMBER VICTORINO: Okay.

MR. PERREIRA: And that's not counting my labor.

COUNCILMEMBER VICTORINO: Okay, thank you very much. Thank you, Mr. Chair.

MR. PERREIRA: Thank you.

CHAIR HOKAMA: Okay, any other questions for clarification? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Perreira, Ms. Baisa mentioned the \$2,500 on income and you talked about your expenses as applied to that income. It's my understanding, I'm going to double check with the, with Corporation Counsel but this is gross income so this is before any expenses. Is it possible that you would clear that? You don't, it's not clear is, that that's how much you take in before you do the, what goes out, so that would be, make it easier on you if it was that way.

MR. PERREIRA: Yeah, I probably could but, you know, and you ask anybody on this island, who can survive on \$2,500 a month --

COUNCILMEMBER COUCH: No, I understand that.

MR. PERREIRA: --or \$2,500 a year.

COUNCILMEMBER COUCH: Oh, yeah, absolutely, I understand that too.

MR. PERREIRA: Yeah.

COUNCILMEMBER COUCH: Just that, it's not net income, it's gross income so that kinda helps on this side if this were to pass.

MR. PERREIRA: Okay, I understand.

COUNCILMEMBER COUCH: But you would have that, you would clear that mostly?

MR. PERREIRA: Mostly, yeah.

COUNCILMEMBER COUCH: Okay, okay, thank you.

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MR. PERREIRA: Thank you.

CHAIR HOKAMA: Any other questions for Mr. Perreira? Thank you so much for sharing your testimony this afternoon.

MR. PERREIRA: Thank you. Thank you so much.

CHAIR HOKAMA: Ms. Custer, if you would please come forward, and to be followed by Darren Strand.

MS. CUSTER: Good afternoon, Chair. Good afternoon, Council. Just going to add a little thing before I start with my real testimony. I, actually, for 18 years had leased land in East, on East Kuiaha.

COUNCILMEMBER VICTORINO: Chair, can she speak a little bit more into the mic? She's very soft spoken.

MS. CUSTER: I did lease land on East Kuiaha for 18 years and some years I did gross from people paying me to take care of their livestock 2,500 or more and then, of course, I would lose or not make money because the expenses are so great. But my concern is valuation and so I'm going to go to what I have written. Okay, and I've lost my land, by the way, could not afford it. I do not own land. I have no personal benefit for being here today. I'm here to represent the local families, the soil and the animals. You hope to stop the well-to-do gentleman farmers from getting a tax break but inadvertently you will hurt the local families. The ag tax bill should be focused on incentivizing soil preservation, reforestation, reclamation of land, planting food trees, please, for increased island sustainability, requiring animals to be kept according to the County laws, and protecting the local families from losing their lands. This bill is designed to stop the gentleman farmers from getting a tax break. Let's face it, the rich will find a way around. Meanwhile, the local families will be taxed off their lands. Please do not pass this. Go back to the drawing board and start over. The current law is pretty good. Do not toss it out. Make minor editions instead. I beseech you for the sake of the regular Joe, do not pass this legislation. The rich will outsmart it and the rest of us will suffer from it. Thank you.

CHAIR HOKAMA: Thank you for your...any questions for Ms. Custer? Thank you very much for your testimony. Mr. Strand, you're next, and to be followed by Kimo Falconer.

MR. STRAND: Aloha, Chair Hokama, Vice-Chair White, and Members of the Committee. I'm Darren Strand. I'm the President of Maui Gold Pineapple Company. I almost forgot that there for a second. You know, I wanna just, I wanna start by saying that I really appreciate the time that the tax office and the staff have put in to working with us on this and we've all spent a lot of time on it. And I'm concerned that this latest version doesn't reflect some of the changes that we've discussed but mostly I want to focus on the possible, hopefully unintended consequences and potential uncertainties that this would place on Maui Gold Pineapple Company. We're farming just over 1,000 acres below Makawao Town in 1 TMK and we started in 2010 after the closure of Maui Pineapple Company and have been continuing to grow pineapple, and currently we

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have 83 employees. We have just under 15 years remaining on a 20-year lease with Maui Land & Pineapple and it's structured, I'm guessing, like most leases, to pass along all taxes and cost to the tenant. And so, you know, with that in mind, from 2012 to 2015, the market value of our land was listed on the Real Property Tax website at just over 9 million and so, you know, we've been paying the, based on agricultural use values, the appropriate tax. Under the language proposed in BF-70, if we assumed a 15-year dedication, which would be a stretch because we'd have to negotiate a little bit with Maui Land & Pineapple, the 90 percent discount rate would increase our tax liability by 600 percent. This is assuming that our landlord would obviously be willing to cooperate with dedication and I think that's a detail that we need to take into account that not every landlord and tenant are going to have the same perspective on this dedication. In 2011, the market value of the same TMK jumped up to over 16 million and in recent history has been as high as 27 million. So, again, you know, that would, that puts it at over, you know, a 1,000 percent tax increase if that were to happen in any particular year. You know, in a business where we're trying to plan and model with as much accuracy as possible in order to plant and grow and harvest efficiently, this degree of uncertainty is just really burdensome. The goal of BF-70 may be equity and simplicity and, you know, catching cheaters but I think that if the impact is stated on legitimate agricultural operations, we need to take that into consideration. And I like ag use valuation, and I think we should stick with that. Thanks.

CHAIR HOKAMA: Okay, thank you for your testimony. Any questions for Mr. Strand? Thank you for being here this afternoon. Mr. Falconer, followed by Theresa Thompson.

MR. FALCONER: Good afternoon, Chair, members of Council. My name is Kimo Falconer. I'm a local coffee grower. I'm the owner and President of Maui Grown Coffee in the West Side, member of the Maui Coffee Association. I'm on the board of the Hawaii Coffee Association and I'm the President of the Hawaii Coffee Growers Association and I'm also a Farm Bureau member. I'm here on behalf of the, of agricultural people in the County and I want to speak to you about the importance of agriculture in our community. And I cannot stress more the importance of killing this measure. Why? Of all the many issues we face and read about every day in Maui County, what is the most prevalent and explosive? It is agriculture-related. GMO, pesticide buffers, RoundUp, cane burning, HC&S closure, water permits, hemp, the list goes on and on. As a Council, you can ignore the importance of ag...you can't ignore the importance of ag anymore, nor can you continue to go to ag to find tax revenue. The timing of this measure is all the more painful. The County of Maui wishes to increase tax rates on ag land at the same time 36,000 acres are becoming available for diversification. You want to cancel the ag dedication and ignore the State and County statutes. Even the parties that oppose each other on ag will agree that we need agriculture. For anyone who wishes to farm, the two most important things one needs to have is affordable water and affordable land and those two things are normally out of their control. Unless you own land and you own the water system, you're at the mercy of someone else controlling your cost structure. And this measure will result in fine, arable land that is unaffordable to farms due to the unfair tax liability, the burdensome County oversight and bureaucratic obstacles to anyone wanting to farm. And there are

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countless reasons too numerous for me to go into a three-minute testimony. But I ask you, does this measure back the statement by cancelling the ag use valuation? Does this measure support that by imposing market valuation on 36,000 of those acres, not to mention all of the already fallow acres across the County? Will this help a potential farmer acquire an ag business loan and likewise, will it help create a successful business plan? Does this help us pave the road to our food security? The most important thing is, if you vote in favor of this measure, you cannot freely go around and tell people that you're a supporter of agriculture in Maui County because you have voted to make the land more cost prohibitive to the farmer. It means you have given up on ag. All it means is that you've found a way to identify \$20 million in new tax revenue. It's the low-hanging fruit but anybody can raise taxes. It's too hard to provide leadership towards building a better tax base. Agriculture is the weakest sector in Maui's economy. That makes, it's perceivably easy to target something with the weakest political voice. Without that voice, the ones who make these decisions and fail to listen will instead start to see signs, signs in the way of dead, unproductive fields, broken water systems, an unbalanced society of have and have-nots, overflowing landfills from the waste of all the packaged food we had to ship here. Please do not defer this measure, put it to rest and kill it once and for all. Thank you.

CHAIR HOKAMA: Thank you, mister...questions, Members? Questions, Members? Thank you for your testimony, Mr. Falconer. Theresa Thompson, followed by Gerard Thompson.

MS. THOMPSON: Good afternoon, Chair Hokama and Councilmembers. Thank you for this opportunity. My name is Theresa Thompson from Thompson Ranch. My family has been ranching in Kula for over 100 years. I am a member of the Ag Working Group and we spent a lot of time on this bill in the past year. I was here last March testifying on this same bill and I asked you then to defer it. Today I'm going to ask you to please vote no on this bill. The Ag Working Group has spent one year revising this BF-70 and we submitted our revisions and it still needs a lot of fixing. Agricultural lands need to be continued to be appraised at agricultural value, not market value. If BF-70 passes, we will not be able to produce enough revenue each year to pay our taxes. There is also the uncertainty of the Ag rate changing on us each year. We're not guaranteed, locked in at \$5.75 per \$1,000 for more than one year. It changes every Budget. Agricultural land should continue to be charged according to the value of the crops or the livestock that it can produce. The adoption of market value instead of ag use value will be devastating to what is left of Maui County agriculture. Many farmers and ranchers will be forced to sell their land because they will not be able to afford their real property taxes if this BF-70 passes. Our children will not be able to enjoy the lifestyle we know. Ag use value is the law. Current Maui County Code 3.48.320 states that agricultural land value shall be used in determining the value of lands which are classified as Agriculture and used for agriculture whether such lands are dedicated or not. Please don't force us to dedicate. The current Maui County Code is a fair Code. Let's keep it. I humbly ask you to please vote no on BF-70 today. Thank you.

CHAIR HOKAMA: Thank you for your testimony. Questions? Questions? Ms. Baisa?

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COUNCILMEMBER BAISA: Yes, thank you, Chair. And thank you, Ms. Thompson, for being here. Nice to see a girl in a pink palaka shirt. Makes me feel right at home.

MS. THOMPSON: And matching nails.

COUNCILMEMBER BAISA: Right, yeah, and matching nails, okay. You mentioned in your testimony about, you had made recommendations and you didn't see them. Can you give me an example, there probably are several, but at least one that you don't think has been addressed and that you'd like us to think about? I'm sure you have a whole list and I don't want to put you on the spot. But, you know, I know there were ag inspectors and things like that you kept talking about.

MS. THOMPSON: A quality ag inspector, quality ag inspectors to go out there and to check on if people are really farming or ranching or not. That would really help.

COUNCILMEMBER BAISA: Okay, thank you very much.

MS. THOMPSON: Thank you very much.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thank you, Ms. Thompson, for being here. You said the group came up with some suggestions.

MS. THOMPSON: Yes.

COUNCILMEMBER COUCH: Do you have a list of those suggestions or can you get those to us? Because that's, I know, you only mentioned one.

MS. THOMPSON: Yes, I thought I would just target market value, ag value.

COUNCILMEMBER COUCH: Okay. That's the first thing is we would love to, I would love to see the suggestions. Maybe we can incorporate that if that's the case.

MS. THOMPSON: Yes, of course, we'll e-mail it to all the Councilmembers again.

COUNCILMEMBER COUCH: The other question I have is you did talk about just the ag value, valuation. Do you have, is that where you're just going with? You're okay with the homesite or not the homesite too?

MS. THOMPSON: I'm okay with the homesite.

COUNCILMEMBER COUCH: Okay.

MS. THOMPSON: Yeah, we can pay for homesite but 19½ million, we're going to have to pay tax on that? That's ridiculous.

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

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CHAIR HOKAMA: Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you. Thank you, Theresa, for coming out and being a part of the Ag Working Group as well. You did mention that you did provide some of the comments. And who did you give those comments to in the Ag Working Group?

MS. THOMPSON: Our moderator has e-mailed them out to all the Councilmembers. Yes?

COUNCILMEMBER GUZMAN: Yes.

MS. PATNODE (from the audience): . . . *(inaudible)* . . . in December.

MS. THOMPSON: Thank you, Bobbie.

CHAIR HOKAMA: And that was Ms. Patnode for those that don't Ms. Patnode. She's been very active and she shared information.

COUNCILMEMBER GUZMAN: Right. Thank you. And we did, I guess, I believe that some of those comments and suggestions were given to the Chair of the --

MS. THOMPSON: Yes.

COUNCILMEMBER GUZMAN: --Committee as well. And just as part of the research, the ag use values in the County, when was the last time when it was updated according to ...

MS. THOMPSON: Nineteen-sixty-five.

COUNCILMEMBER GUZMAN: Thank you.

MS. THOMPSON: If we update it to 2016, we might see some income for the County there. That would be fair.

COUNCILMEMBER GUZMAN: Okay. And then what was the, any suggestions as to, I know that the Ag Working Group had some facility, had some, Margaret Stumpp, who was an economic person, do some research and some data.

MS. THOMPSON: She analyzed a lot of data off of the County website.

COUNCILMEMBER GUZMAN: And what was the, any result from that data?

MS. THOMPSON: She just showed where it was, where it was more expensive and where it was cheaper and where the County could get more income from.

COUNCILMEMBER GUZMAN: Okay. And were those suggestions relayed to this Committee, the various other alternatives, aside from what has been listed here in the, in this revised draft?

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MS. THOMPSON: Yes. Some of her findings were submitted to the Council.

COUNCILMEMBER GUZMAN: Okay. Can you share those with the Committee at some point?

MS. THOMPSON: Okay, Bobbie, on your list.

COUNCILMEMBER GUZMAN: Okay. Thank you, Chair.

CHAIR HOKAMA: We can request that, and if Ms. Patnode is the appropriate resource, then we'll contact Ms. Patnode. Okay, other questions for Ms. Thompson? Ms. Thompson, thank you for your testimony this afternoon.

MS. THOMPSON: Thank you very much.

CHAIR HOKAMA: Gerard Thompson, please, and following him will be Annette Niles.

MR. THOMPSON: Yeah, I wasn't going talk today but my sister signed me up. But, you know, what --

CHAIR HOKAMA: It's okay, it's okay.

MR. THOMPSON: --I was born and raised here, grew up on a good life. Get off the farmers and ranchers' back. You know the saying, the dog, when somebody bite your hand that feeds you, that's what you guys, biting the hands that feed you. The tourist, they come here to see our aina, see the life. Sugar cane's going be gone--I shaking right now because I love my land. I get one respect for my animals, even you don't know, but I feel bad when I take 'em for butcher. I love my cows, they come to me, I get one respect, I treat them with respect, I love them, I'm proud of it. I question myself. I tell myself, well, don't feel bad. I feeding the people, that's my life, as what God gave me. 'Cause it's in here and I know that. I feed the people and that's a good feeling for me 'cause I doing something good in my life. No pick on us ag guys and maybe the taxes back in the '60s, you like bring 'em up, but you know what, I watch how things going, the rubbish feed we gotta buy today but it's costing more but they giving you rubbish. Our minerals, everything else that cost us money, farmers gotta pay more for their fertilizer, everything else, I don't know, I just, I'm kinda mad. And that hammer you get up there, it's called a poi pounder, it's part of life, taro. Should be one hammer over there. No make fun of that poi pounder.

CHAIR HOKAMA: Any questions for the gentleman? And, again, Mr. Thompson, yeah, we act in a manner of respect in this Chambers for all peoples of this County. So we appreciate your comments very much. Ms. Niles? Following Ms. Niles is Alan Vares.

MS. NILES: Good afternoon, Chair.

CHAIR HOKAMA: Aloha.

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MS. NILES: Good afternoon, Council. My name is Annette Niles, rancher, farmer, also on the Ag Working Group. At this time, I will not and cannot support BF-70 as it is. I'm totally into dedication but not at market value. And most of all, some of the people had already paid their dues, dedication. Many of them are too old to dedicate again. Also, if all of you are concerned about our homeless problem, this is just the beginning. We will be right behind HC&S if this passes. You will shut us down and create more of a homeless problem, of which many ranches and farmers have cheap rentals on their property. Now we will be paying market value on the land, will put us out. Some of these people are retired and live the rest of their lives in this homes. We did not just come here and buy land. Our land are handed down from generation to generation. So I hope all of you that vote to pass BF-70 can sleep at night in your warm beds, having to put these people out of their homes and properties if this bill should pass. And then, I would like to comment. I had it in my testimony here but I noticed it was a delete on G, the land use change, that we noticed in the left corner, dedicated was, was mean that you are not going to tell us what we grow, what animal to put on the property when you have no idea what is best for our property. Just like this bill, you have no idea what it's going to do to us. So can somebody explain if it got changed or the Director has the discretion to tell us that we cannot, what we have to grow, what we have to put, what animal we have to put? What authority do they have to know what our land is all about? You know, we have folks, I have people, you know, I cannot even sleep nighttime with this bill, for the fact is I have old people that call me up crying, that says, you know what, best we just die already because this is going to put us out, just, you know, out of their homes, out of their land. Come on now, come on, we need you guys to wake up with this bill. This is not a good bill. We have presented, our Ag Working Group has, gave so many testimony, so much testimony with this bill. You asked us to go back, you asked Mr. Guzman to go back with his Ag Working Group to get this bill, to revise this bill, and we gave you guys language and it's not, not even in here. So, please, please, please destroy this bill and bring up another one. Mahalo. Sorry.

CHAIR HOKAMA: Ms. Niles, anything else you wanna share?

MS. NILES: No.

COUNCILMEMBER VICTORINO: Mr. Chair? Mr. Chair?

CHAIR HOKAMA: Mr. Victorino?

COUNCILMEMBER VICTORINO: Question.

MS. NILES: I could go on forever with this, so.

COUNCILMEMBER VICTORINO: Annette, thank you for being here.

CHAIR HOKAMA: We know that have, very capable to express yourself, Ms. Niles. Mr. Victorino?

COUNCILMEMBER VICTORINO: And thank you, Annette, for being here and I --

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MS. NILES: Sorry.

COUNCILMEMBER VICTORINO: --appreciate your comments. But let me ask you, what is your major concern with this bill?

MS. NILES: Major concern is ...

COUNCILMEMBER VICTORINO: Major concern, yes.

MS. NILES: Yeah, my major concern is, yeah, people don't realize, they haven't even been looking at their taxes. And I gotta thank them because, literally, I wasn't paying attention 'cause I was too busy working. Okay.

COUNCILMEMBER VICTORINO: Right.

MS. NILES: So I don't have time to look at my taxes but because of this bill, we sliced and diced it, yeah, and found out, yeah, you have your homeowners exemption but what about the rest of the people, what about the ranches that have people retired on their property? How are they going to pay this taxes? And these people live there for free.

COUNCILMEMBER VICTORINO: Right.

MS. NILES: You know what I mean? So, I mean, you know, the point is market value on the land will put us all out. I am not going to stay here. I cannot keep my land, you know. You try calculating market value on our properties.

COUNCILMEMBER VICTORINO: Okay, so your main concern is market value versus --

MS. NILES: Yes. We need ...

COUNCILMEMBER VICTORINO: --even a revised ag --

MS. NILES: Yeah.

COUNCILMEMBER VICTORINO: --value that, you know, since 1965 has --

MS. NILES: Yeah.

COUNCILMEMBER VICTORINO: --not changed?

MS. NILES: Yeah.

COUNCILMEMBER VICTORINO: You'd rather see something like that?

MS. NILES: Well, it has changed. I mean, literally, it has changed.

COUNCILMEMBER VICTORINO: Okay.

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MS. NILES: Hotel has been down, we've been up, up 28 percent. We have been driven up. People don't realize it, but go back to your bills and see what the prices are.

COUNCILMEMBER VICTORINO: Okay.

MS. NILES: It's coming up and it is up.

COUNCILMEMBER VICTORINO: Okay. So, okay, I got the picture. I just wanted to know where your --

MS. NILES: Thank you.

COUNCILMEMBER VICTORINO: --big concern. Thank you. Thank you, Mr. Chair.

CHAIR HOKAMA: Any other questions for the lady? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair, and thank you, Annette, for being here.

MS. NILES: I'm gonna broke the mic pretty soon.

COUNCILMEMBER COCHRAN: I know. Take a deep breath, Annette, take a deep breath. And so, and you're another testifier that mentioned that you folks had worked on language --

MS. NILES: Yes.

COUNCILMEMBER COCHRAN: --but you don't see it here.

MS. NILES: No, not at all.

COUNCILMEMBER COCHRAN: So is this in regards to--I think Ms. Thompson mentioned it--that I guess Ms. Patnode may have this list 'cause I'm trying to go through things. So is that, 'cause you all were on the same working group, correct?

MS. NILES: Right, exactly. And we did, like she said, we did in December. We have, send in, I mean, all the revised of what the Ag Working Group. We called everybody to get their opinions. We have sat, hourly, I mean, you know what, we can't even sleep. We go to work, we ranch, sometime we barely make the meeting, we stay 'til all hours trying to do this and this is what we get, you know.

COUNCILMEMBER COCHRAN: Thank you for your dedication and commitment to working with this. So I'll follow up with all that, and then my other question is you mentioned Item G and I guess you have concerns in regards to change of agricultural use and you mentioned that, how can Director, who may not know one way or the other, what your land can do and how it should be used, but in here it states, it shall be an advisory, go to the advisory committee, you know, the advisory committee that's brought up in here at the end of the bill.

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MS. NILES: Right.

COUNCILMEMBER COCHRAN: Are you aware --

MS. NILES: Oh, no, I'm for ...

COUNCILMEMBER COCHRAN: --of that advisory, would that be amendable to you --

MS. NILES: Oh, yes, yes.

COUNCILMEMBER COCHRAN: --that it goes through actually true ranchers, farmers, workers of the land, like yourself --

MS. NILES: Right.

COUNCILMEMBER COCHRAN: --to vet through to say, oh --

MS. NILES: Yes.

COUNCILMEMBER COCHRAN: --okay, we see what you're talking about, we agree, it works, you know?

MS. NILES: Yeah, 'cause many people's land have many different problems, many different things, you know, going with it. They have no clue, they don't work the land, you know, we do.

COUNCILMEMBER COCHRAN: Right.

MS. NILES: So why should they have the authority to tell us what we can grow or what animal we can put there? And some of 'em don't even know the back end of this animal to the front end of this animal.

COUNCILMEMBER COCHRAN: Thank you. Thank you, Ms. Niles. So the Agricultural Dedication Advisory Committee will be in assistance. So hopefully --

MS. NILES: Yes.

COUNCILMEMBER COCHRAN: --that can help.

MS. NILES: And inspectors, okay, my number one is the inspectors because they blame the gentleman farm, you know. They blame the gentleman farm but, you know what, who created the gentleman farm? The County of Maui. The County of Maui because people have asked the County, when they go in for a permit, they wanna build a swimming pool, they wanna build a cottage for their in-law. They turn in their plans, oh, stopped in the tracks. You need to put a farm plan in. They don't want to farm. They don't want to farm. They just want their pools. They just want their cottage. So you guys can tax them the way they need to be taxed. So we need to figure out how to

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tier these people, you know, in our ag because they bought ag. That's not their fault. They love the open space and this realtors just go get 'em with the ag, you know, not explaining to them what they have to do on ag land, you know. And so we need to start putting some rules here.

COUNCILMEMBER COCHRAN: Thank you. Thank you, Annette.

MS. NILES: Okay, thank you.

COUNCILMEMBER COCHRAN: And thank you for that . . .*(inaudible)* . . .

. . .*(audience applauding)* . . .

CHAIR HOKAMA: . . .*(gavel)* . . . Okay, let's keep order so we can keep this meeting moving along at a reasonable pace for all of us.

UNIDENTIFIED SPEAKER: Chair?

CHAIR HOKAMA: Mr. Vares, you're next, and following Mr. Vares will be James Chung.

MR. VARES: Alan Vares from Kula, ag landowner also. You know, we were, our lands, most of us, handed down from generations. We chose to keep the land in ag, not sell it to the highest bidder or the next highest bidder that's coming down the road, that's ours. Whether we put in small crops or big crops, it's still ag. Some choose to give their crops away, like the old days, the ahupuaa, mauka, makai, makai, mauka. Plantation days, they trade mauka with the makai plantation people. They get fish, whatever they have. Some of this still going on but to put a \$2,500 tax or a \$2,500 money amount, you'll be putting people out because some of their lands cannot produce that much or the crop that they have is a long-range crop, not a short-term crop. The expenses, it's going put people out. Then you have kids going to college. They may wanna come back and farm the land or whatever they want to do with the land but they going be put out because in the meanwhile, it's not being used. They lose that. We've been like this for a long time. That's why people from the mainland or wherever wanna come here. Our lifestyle, we give, we trade, you know, makana. Keep this, don't lose it.

. . .*(a cell phone rings in the audience)* . . .

CHAIR HOKAMA: Okay, you're going to need to please turn that off.

MR. VARES: We keep this, not lose it. It's not what we take when we leave this world, but what we leave behind. Mr. Chair, what we leave behind. Thank you.

CHAIR HOKAMA: Thank you, Mr. Vares. Questions for the gentleman? Any questions for Mr. Vares? Okay, Mr. Vares, thank you for being here. James Chung, if you would please come forward? Following Mr. Chung is Alan DeCoite.

MR. CHUNG: Good afternoon, Chairman --

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CHAIR HOKAMA: Hello, Mr. Chung.

COUNCILMEMBER VICTORINO: Can you put the mic ...

MR. CHUNG: --and members of the board. As I stand here before you, it's a sad case to see all these people here. We are here because of the tax that you are rising. We not all millionaires, we're an average people. You know, in my life, when we born, my father worked 25 cents an hour, \$2 a day. We had no water, no electricity, you know. We live on the farm, raise chickens, cows, dogs, pigs and our days, our school is 'til 8th grade. Many of you who are sitting in that bench, we, the people, put you there. Don't try to destroy us by raising the tax that we just make a living in life. Help all these people who are here. Give them a hand, you know, it's not easy to make a living. Yes, I have a place, a land, but I have to go overseas and work for almost seven years just to buy a piece of land and make my house and raise my family. Today, our kids cannot afford a piece of land that we, as parents, build for them and give them a place to live. I have a 2-acre in Kula 200. It's a farm dwelling and couple years back they wanna make it half-acre lot, which was not wise. Forty-three years ago, this County approved that 2-acre farm dwelling and my son, today, is a farmer on that land. He has about 2,000 plants, Ohana Protea Farm. That's how he feeds his family and makes a living. So by all means, look at the people. In our days, I walk to the ranch, Kaonoulu Ranch, for \$1 a day. I look at you folks, you have many education. Some of you high school, college, or greater education. But I think some of you are missing one common knowledge. Stop and think. Help the people. Don't destroy us. We just trying to make a living in life. And too, our children cannot afford any land or paying any higher taxes. Help them by all means. Thank you.

CHAIR HOKAMA: Thank you, Mr. Chung. Mr. DeCoite, if you would come forward, please? And after Mr. DeCoite, Peter Russell.

MR. DeCOITE: Mr. Chair, members of the Committee, honored guests. My name is Alan Anthony DeCoite. I'm the third generation of cattlemen in the Upcountry area. My son will be number four. I'm against this bill for fear we'll lose our land. We can't afford to keep it, we can't afford to maintain it. I have seen floods, fire, wind, trees across the wire, parasites, invasive species, I have saved calves through cesarean, myself, I continually monitor nenes, pheasants, owls on my family property. Currently I work at a farm, a very dynamic farm, off of Piihola Road, called Hoku Nui. Take a drive up there. On the right flank, we have sheep, cattle, chickens and bees. We are regenerating grass and regenerating the soil. Take a drive. On my personal family property, I fear that I cannot stay there. My son not going be able to keep it and maintain it. Oh, yes, and one more thing, we have a noxious weed called gorse. My grandpa used to set the mountain on fire. My dad used to bulldoze it. I mow it and the goats and the sheep graze it. So, please, all of you, there's gotta be another way. You know what I think it's all about? Big government, too much money, where the money gonna come from? The farmers and ranchers are having a hard time. I'm also proud to say, I followed another marine so we got all of you guys surrounded. Thank you, Mr. Chair, members of the Committee.

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CHAIR HOKAMA: Thank you, Mr. DeCoite. Any questions for Mr. DeCoite? Having none, thank you again --

MR. DeCOITE: Thank you.

CHAIR HOKAMA: --for being here. Mr. Russell, followed by Erik Frost.

MR. RUSSELL: Hello. Good afternoon.

CHAIR HOKAMA: Good afternoon.

MR. RUSSELL: The land in Kula that my family has been in care of has been used for agriculture for over 100 years. Our goals for the land are of great importance to us and to our community as well. We are striving to create environmentally sustainable food production. We are working to not only maintain open spaces but also planting native trees and plants that once forested our area of the island. We hope to become self-sustained within our home and also contribute to the State's goal of fully renewable energy as well as food security and self-sufficiency. If BF-70 is passed, my family will be unable to qualify for the agriculture dedication. We do not presently have the required documentation. Even if we could qualify, the requirement that mandates that we receive permission for any crop rotation, a known sustainable farming technique, from the Director of Business [sic] and Finance, at their discretion, creates an undue burden. BF-70 will prevent my family from passing the stewardship of the land and its farm operation to the next generation. With the passage of BF-70, the only fiscally responsible action for us to take would be to subdivide the land and develop it, as shameful as that is to say, thus, going against the values and goals of my family, neighborhood, community and the State as a whole. Thank you.

CHAIR HOKAMA: Thank you.

COUNCILMEMBER COUCH: Mr. Chair?

CHAIR HOKAMA: Any questions for mister--Mr. Russell, if you could return, please?

MR. RUSSELL: Yeah.

COUNCILMEMBER COUCH: Could we get him to identify himself, please?

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Can we get him to identify himself, please?

MR. RUSSELL: Oh.

CHAIR HOKAMA: I'm sorry, if you would, for the record please?

MR. RUSSELL: Yeah, I am Peter Russell.

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COUNCILMEMBER COUCH: Okay. Thank you, Mr. Russell. You talked, again, I'm assuming you were talking about the ag valuation portion. Do you have any comment on the homesite valuation?

MR. RUSSELL: No, I do not.

COUNCILMEMBER COUCH: Okay, thank you.

MR. RUSSELL: Thank you.

CHAIR HOKAMA: Okay. Any other questions --

COUNCILMEMBER VICTORINO: Yeah. Mr. Chair?

CHAIR HOKAMA: --for Mr. Russell? Mr. Victorino?

COUNCILMEMBER VICTORINO: Yeah. Real quickly, Mr. Russell. How many acres do you, your family presently farm?

MR. RUSSELL: We have 26 acres.

COUNCILMEMBER VICTORINO: Twenty-six acres up in Kula?

MR. RUSSELL: Yes, sir.

COUNCILMEMBER VICTORINO: Okay, and do you have a home on it or do you have any dwellings on it?

MR. RUSSELL: We have a home, yes.

COUNCILMEMBER VICTORINO: Yeah. Okay, thank you very much.

MR. RUSSELL: Thank you.

CHAIR HOKAMA: Any other questions while the gentleman is here?

COUNCILMEMBER COCHRAN: Chair?

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you and thank you, Mr. Russell, for being here. So, and you folks are willing to dedicate or no? Did you look at the breakdown of the different dedications --

MR. RUSSELL: We did.

COUNCILMEMBER COCHRAN: --and the percentages?

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MR. RUSSELL: We would prefer not to dedicate.

COUNCILMEMBER COCHRAN: Okay.

MR. RUSSELL: Just keep --

COUNCILMEMBER COCHRAN: Alright.

MR. RUSSELL: --as is, yeah.

COUNCILMEMBER COCHRAN: Okay, thank you.

MR. RUSSELL: Thank you.

CHAIR HOKAMA: Okay, any other questions? Thank you for being here, Mr. Russell.

MR. RUSSELL: Thank you.

CHAIR HOKAMA: Mr. Frost, next, and following, it will be Victor Pellegrino.

MR. FROST: Chairman --

CHAIR HOKAMA: Hi.

MR. FROST: --and Committee members. My name is Erik Frost. I'm here to represent Hoku Nui Maui, a 3-year undertaking as of today. We have 15 employees currently, 260-acre piece of property, 160 cattle, 100 sheep and 1,000 egg-laying chickens. As I sat down to read this bill, it occurred to me that there's quite a number of points which are problematic from my perspective. I suppose too many for me to work with at this particular three minute--you might want to start the clock. Ah, there it goes.

CHAIR HOKAMA: Gosh, you had so much time. Keep going.

MR. FROST: Got a free two seconds there.

CHAIR HOKAMA: Thank you, Mr. Frost.

MR. FROST: You're welcome. So I feel as though there are a number of issues that are problematic. I also came away while reading, from reading that bill that it was fairly clear to me that those that had crafted the bill had not done any stakeholder engagement. I made a few calls and found out, oh, there's an agricultural advisory committee and I happen to be friends with and know the people that are on it. And sure enough, they had made some recommendations and none of them had showed up in the bill. An observation I think was interesting because I didn't know that there was an advisory committee and there was actually request for stakeholder engagement. It's important when you make these things to sit down with those that are going to be affected, and excuse me for being a bit pedantic on this, but it's important to understand the effects directly from small and medium-size farmers in

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order to really be smart about how you're going to do this, right. So beyond that comment, I'd just like to share with you that I believe that there's an overarching demand within our culture and our society, island-wide, Statewide, communitywide, that agriculture is a very important issue. It's very important for us to perpetuate agriculture. So as a bit of an analogy, if we are going to, if a group of people are going to nurture something and make it grow, you provide a context by which it will be successful, yes? And I believe, from my perspective, that it is the job of the folks that are sitting in this room to create an atmosphere that will propel agriculture forth. Bureaucracy is not it. Our model of agriculture is a little dynamic, more dynamic than traditional agriculture. Our cows are in rotational grazing, they move four times a day. The chickens move behind them and the sheep move behind them on 260 acres, yeah. So it becomes a rather difficult thing to do and especially if you're in a dynamic system. When I'd like to make a decision that, yes, next month, it's prime to put in sweet potato in a certain area, that I have to go into a bureaucratic organization and have them tell me whether that's okay. So, done.

CHAIR HOKAMA: Questions? Questions for Mr. Frost? Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. Mr. Frost, where is the farm?

MR. FROST: It is on the right-hand side as you proceed up Piiholo Road, above St. Joseph's Church and below MISC, University of Hawaii.

COUNCILMEMBER BAISA: Very familiar with the area. And that land is leased or you own it or?

MR. FROST: We own it.

COUNCILMEMBER BAISA: You own it?

MR. FROST: Uh-huh.

COUNCILMEMBER BAISA: Okay, thank you very much. You look like a real farmer.

MR. FROST: Thank you.

CHAIR HOKAMA: Other questions for Mr. Frost? Mr. Frost, we thank you for your presence this afternoon.

MR. FROST: Absolutely.

CHAIR HOKAMA: Mr. Pellegrino is next, and following him will be Bobbie Becker.

MR. PELLEGRINO: Aloha.

CHAIR HOKAMA: Aloha.

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MR. PELLEGRINO: My name is Victor Pellegrino and I thank you today to allow me to testify. I'm a taro farmer. Our ohana's restoring ancient loi dating back to before the Great Mahele, which we don't consider great. On what is now our kalo farm, is now the ili of Noho`ana and he testified, through the Great Mahele, that he was growing kalo there, as his father was. So we know the land dates to before 1800 at least. There were over 1,400 loi kalo in Waikapu. Today, maybe 10 or 12. By the 1930s this land as well as some other, some of the 1,400 loi kalo were wiped out by western laws that allowed the takeover of streams and auwai in all of Na Wai Eha. The average Hawaiian ate six pounds of poi per day, one of the Hawaiian's most important valuable foods. Now let's fast forward to 2016. Our ohana has been struggling for 11 years to bring water into our farm for loi kalo agriculture and the struggle is still going on to reclaim water resources. I ask, where was the County of Maui for those 11 years when the Na Wai Eha water case was in progress? Your voices were ne're to be found then and it seems some Councilmembers, perhaps, are proposing to levy a death tax now on real farmers, like us. Clearly, I am testifying today to oppose this bill. Why are you designing a bill to kill farming on Maui? I see this as a bill, as nothing more than going from farming to table to taxes for County coffers. BF-70 has many flaws. I am not surprised that it penalizes real farmers when a bill should be clearly written instead to put an end to the false farmers. So does going...perhaps you're going after the wrong audience. Why are you proposing legislation to tax ag land that has really productive farmland and not phony real estate? When you came up with your plan, how many real farmers did each of you sitting here meet with? Certainly, not our ohana. How many farmers in this audience have been contacted by each of you, when you were writing BF-70? BF-70 is punitive. It makes little common sense. It's just another tax game. I'm going to skip to the end 'cause my time is running out. If you can't come to our farm, perhaps, excuse me, if you can't change this bill and defeat it, come to my farm. There you will be able to set foot in our loi, clear your mind, enjoy one of 44 varieties of poi and then go back to the table and do what is right. Thank you very much.

CHAIR HOKAMA: Thank you. Questions for Mr. Pellegrino?

COUNCILMEMBER COCHRAN: Chair?

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you.

CHAIR HOKAMA: Hold on please, Victor.

COUNCILMEMBER COCHRAN: Oh.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you.

MR. PELLEGRINO: You have a question?

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COUNCILMEMBER COCHRAN: Yes. Thank you, Chair, and thank you, Mr. Pellegrino, for being here, nice to see you. You mentioned about this goes dead against Hawaii State Law Act 183 and you're notating for us to pay special attention to Pages 12 on. Is there a way that you can kind of just briefly --

MR. PELLEGRINO: No.

COUNCILMEMBER COCHRAN: --condense what that's...no.

MR. PELLEGRINO: It is --

COUNCILMEMBER COCHRAN: Okay, never mind.

MR. PELLEGRINO: --that long. I do recommend that you read it, the whole thing, because basically it supports farming in the State of Hawaii. Your bill does not support the farmers on Maui.

COUNCILMEMBER COCHRAN: Okay.

MR. PELLEGRINO: It's going to put us out of business. I may mention one other thing, it took us seven years to earn a profit on this farm, seven years. And I've heard several people speak about how long, you know, maybe a couple years I might be able to do this. It's just not going to happen. Farmers spend a lot of money, of their own money out of their pocket, and it's a long time before it comes back.

COUNCILMEMBER COCHRAN: Thank you.

MR. PELLEGRINO: A long time.

COUNCILMEMBER COCHRAN: Thank you for your comments, Mr. Pellegrino. Thank you, Chair.

CHAIR HOKAMA: Any other questions for the gentleman?

COUNCILMEMBER VICTORINO: Chair?

CHAIR HOKAMA: Mr. Victorino?

COUNCILMEMBER VICTORINO: Professor Pellegrino, don't be going yet. Now's my turn.

MR. PELLEGRINO: Mike, Mike Victorino was my former student at MCC. I think he still calls me Professor.

COUNCILMEMBER VICTORINO: That's right. No, I really have two real important questions. Number one, you have, presently, on your loi farm, you have dwellings from which you live on, right?

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MR. PELLEGRINO: We have one dwelling and I think that should be reduced in the taxes too. I know everybody, ever, said the farmhouse does not, is a home, children are there, and it shouldn't be taxed...it should be taxed at the same rate as another house down the street, I don't think so.

COUNCILMEMBER VICTORINO: Okay, okay.

MR. PELLEGRINO: And I could give you ten reasons why.

COUNCILMEMBER VICTORINO: Okay. Well, I won't go --

MR. PELLEGRINO: But that's another question.

COUNCILMEMBER VICTORINO: --into ten reasons because I know you're very good. Secondly, you're looking at the market value versus the ag value. You feel that we should look at really ag value when it comes to what the actual farmers are doing --

MR. PELLEGRINO: Yes.

COUNCILMEMBER VICTORINO: --based upon what they're growing?

MR. PELLEGRINO: Yeah.

COUNCILMEMBER VICTORINO: Okay, that's all I needed to know. Thank you. Thank you, Professor.

CHAIR HOKAMA: Any other questions for Mr. Pellegrino? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair, and thank you, Mr. Pellegrino, for being here. What year was Act 183?

MR. PELLEGRINO: You know, I was going to duplicate it but my printer ran out of ink. I hate to say this 'cause it sounds like I'm a student. I've heard that plenty of times when students had to turn in their writing. I can't recall.

UNIDENTIFIED SPEAKER (from the audience): Two thousand five.

COUNCILMEMBER COUCH: Two thousand five?

MR. PELLEGRINO: Yeah.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR HOKAMA: Okay. Ms. Baisa?

COUNCILMEMBER BAISA: Thank you, Chair, and thank you so much for being here. You know, it's nice to have Professor. You know, I've been attending a lot of meetings with the farmers. Believe me I have sat one on one with them for hours and I've often

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heard them try to say that the value of the farmland is in what it can produce. What is your response to that?

MR. PELLEGRINO: Boy, my taxes are going to go down. Yeah, yeah, in fact --

COUNCILMEMBER BAISA: I suspect that.

MR. PELLEGRINO: --even what Ms. Niles said, you know, don't tell us what to plant. We have tons of native plants growing on our farm, including trees. We plant trees and you tell me I can't plant a tree now, a kukui tree, a kamani tree? They provide oil, they provide food. Well, the kukui provides food.

COUNCILMEMBER BAISA: Thank you. It's interesting to hear, you know, somebody who's well educated, as, along with having the passion and the experience of farming and they often say that to me, that, you know, the value of this land is in what it can produce and so I wanted to hear your take.

MR. PELLEGRINO: Well, thank you. And now I understand that my taxes will go down.

COUNCILMEMBER BAISA: We shall see. Thank you.

CHAIR HOKAMA: Thank you. Bobbie Becker? Following Bobbie Becker will be Sydney Smith.

MS. BECKER: Good afternoon. My name is Bobbie Becker. Aloha, Chair and Councilmembers. I am an active member of the Maui Coffee Association. I am a member of the Olinda Community Association, Maui Flower Growers Association. I own and operate the Maui Mountain Coffee Farm and I'm also a registered nurse. I'm here today to oppose BF-70 for a spectrum of reasons but I only have time to speak on one. BF-70 calls for all dedications to be cancelled and then renewed. Farmers and ranchers who have already fulfilled 40 or 50 years of their dedications face cancellations of these dedications. Many of these folks are already in their 60s and 70s and cannot sign long-term dedication contracts at this point in their lives. BF-70 would eliminate the informal dedications that are utilized by many farms and ranches and would replace them with recorded dedications. Most ranches with multiple owners and kuleana lands would not be able to utilize this form of dedication system. Large ranches may well be forced out of business. Older farmers may be forced to sell their lands, lands that they have farmed and taken care of for generations. Worst of all is we will lose our open spaces in Upcountry Maui and in other regions of the island. These spaces are, would be sold to meet the higher tax burden. We'll see more development and loss of our Upcountry lifestyles. There's nothing wrong with the system we already have. We just need inspectors who can tell a farm or a ranch when they see one so that we can tax people who are not farming, who are not making a profit on their farms, not your \$2,500 minimum, and get those properties to increase their tax revenue stream for us. That's all.

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CHAIR HOKAMA: Thank you, Ms. Becker. Questions for the lady on testimony presented, Members? Thank you for your presence. We'll ask Sydney Smith if you'll please come forward, to be followed by Dr. Alan Kaufman.

MS. SMITH: Good afternoon.

CHAIR HOKAMA: Good afternoon.

MS. SMITH: My name is Sydney Smith. My husband and I own Maliko Estate Coffee. I'm the current President of the Maui Coffee Association and I'm on the Ag Working Group. I'd like to ask the audience, which we have a large one today, to please stand if you categorically oppose this bill. Alright, you may be seated. There's a simple way to solve your issues with property owners fraudulently claiming farm status on their Ag-zoned properties. Hire a qualified ag inspector to be utilized by all departments. I've testified for this before and I don't want to sound like a broken record but a single comprehensive farm plan and a qualified inspector is something you all know I've been asking for for years. It would be so much more effective, much more efficient, and would not only save the County money, it would avoid ruining our agriculture community with the harmful provisions in BF-70. And maybe finding more efficient ways to govern would be better than raising taxes because that's what BF-70 is, it's a huge tax hike on the backs of our working farmers and ranchers. In the past, you've been presented with information from RPT and it may look like it makes sense but we've had our presentations, those presentations analyzed by credentialed experts in the past and in every case, their information has been flawed or has been misleading. Please, I beg you to verify the information they give you before you make an irreversible decision that ruins this County. The Ag Working Group will provide you with irrefutable facts from professionals at the top of their respective fields. It is your responsibility to do the right thing by the citizens of Maui County. Preserving open space is woven into every part of Maui County Code and community plans. Turning the agriculture community upside down to catch the cheaters is like burning down your house to get rid of the rats. You get rid of the rats but you won't have a house anymore. No more farms and no more ranches. With the closure of HC&S and the loss of those jobs, now you're going to have a lot more unemployed farm and ranch workers as farms and ranches shut down Countywide. This will also lead to the loss of hundreds of affordable houses located on ag land when all you needed to do was hire one qualified ag inspector. Thank you.

CHAIR HOKAMA: Thank you, Ms. Smith. Any questions for the lady on her testimony, Members? Thank you for your presence, Ms. Smith.

MS. SMITH: Thank you.

CHAIR HOKAMA: Dr. Kaufman, if you would please come forward, followed by Faith Chase.

MR. KAUFMAN: It's always such a pleasure to come to this room and testify against BF-70. I am just overjoyed. And like everybody sitting over there, I gave away half of my day so that I could be here. I admire every one of you as Council people. I know you're getting paid to be here but you do have the art of listening. But somewhere it's getting

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messed up because we're back here for a third time. BF-70 is a zombie. Every few years it comes out of its concrete crypt and it terrorizes the ranching community. It has new pustules, new pimples, and it doesn't look like anything that the Ag Working Group said might be merely tolerable. We all have to do better and, Mr. Chair, it's not my place to apologize for people who speak up out there but I don't think he's here anymore. And I'm sorry, I apologize for my outburst, telling him to shut up. We are a democracy, everybody gets heard, but you respect the people in charge and you do command respect. This is a terrible room to even have a conversation in. We're a democracy. Even King Arthur had a round table. The people who got a vote have their backs to the people who are trying to give input and, Riki, I know you don't think you're King Arthur, not by a long shot.

CHAIR HOKAMA: Not by a long shot.

MR. KAUFMAN: I'll also say that I usually don't prepare my remarks until I get to this room because it depends a lot on who's here, what I want to say. Sometimes I feel like I have to speak for my veterinary clientele because they're too busy working to show up. This looks like my client list right here today and I'm pleased for that. And that's because this is an incredibly important bill, not to modify, not to send back to committee but to, it's not a vampire. If it was, we'd have the silver bullet ready. So it's a zombie and I don't know how you kill the walking dead, maybe somebody else does, but I'd ask you, you can't make a silk purse out of a sow's ear and this is definitely not a silk purse, it's not a sow's ear, it's BF-70. Thank you.

CHAIR HOKAMA: Thank you, Dr. Kaufman. Questions for the gentleman? Any questions for Dr. Kaufman at this time? We appreciate your presence, sir.

MR. KAUFMAN: Thank you.

CHAIR HOKAMA: Faith Chase, followed by James Nobriga.

MS. CHASE: Good afternoon, Chair --

CHAIR HOKAMA: Good afternoon.

MS. CHASE: --County Council, Victorino, Guzman, Mr. White visiting, Crivello, Couch, Cochran --

... (a cell phone rings in the audience) ...

CHAIR HOKAMA: You're gonna need to turn that off, please. I'm sorry for the interruption.

MS. CHASE: --Mrs. Baisa and Bob Carroll. I'm gonna be quick because I'm so excited to hear some cowboy hats talk, which is very uncharacteristic for me but I just want to say that, you know, I'm a cattle rancher, you know. Well, I was a cattle rancher and I've always like advocated for farmers and ranchers. This is like crazy. I want this bill to die. I understand the importance of it, you know, the gentleman farmers, if you watching, okay, seriously, like get a grip. Okay, so, there is some like regulatory stuff

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goes with the inspector, that's some really exciting language but I think that like one inspector is not enough. I think that, you know, whatever the allocation is or the appropriation or something that can be introduced where you actually--oh, sorry, uncle ...

CHAIR HOKAMA: I'm sorry, Ms. Chase.

MS. CHASE: He was our vet. Anyway, so--what was I going to say? Okay, so I just think that, don't be afraid of doing the grunt work and getting people out into the field because yesterday I went to Keanae to try to like tell my aunties, you know, they have taro farms, I said, okay, listen, there's this crazy bill, you know, you guys, aunty, just write something, I'll read it for you. You know, they're so, you know, country, so I don't think anybody came today. But she told me that, or one of my aunties told me, that they're, some people go to her cows and take picture of her cows and go to her taro patches and take pictures of her taro patches and then they submit 'em for their application. So, you know, it's like, the public knows, we all know and, you know, if we just do that first body of work, we can move forward from there. So I just want to say, you know, I'm an office girl, full on, so even though that you want to do a committee and this working group, you know, you gotta get people out into the field. You know, there's not a nine-body committee that's gonna be able to do the footwork that needs to get done. So that's that. Kill the bill.

CHAIR HOKAMA: Thank you for your thoughts. Any questions for Ms. Chase, Members? Any questions? Thank you for your testimony this afternoon. We'll bring up James Nobriga and then we'll take a short break. I guess everyone can use a short break. So after Mr. Nobriga, we'll take a short break before we continue. Mr. Nobriga?

MR. NOBRIGA: Thank you. Thank you, Chairman Hokama, Councilmembers. Disparity of real property tax assessment for agriculture versus non-agriculture lands, BF-70. There's a lot items of this bill that concerns me. It will be damaging to our farmers and ranches, which would include, but not limited to, one man telling us what we can raise or grow. Assessing ag land at market value going encourage the development of agriculture lands. It does not support farming. The gross income of \$2,500 to be able to dedicate land to agriculture creates problems for farmers and ranches who cannot produce this much income from smaller parcels. The passage will essentially lead to the shutdown of many farms and ranches and will let, yet lose another part of our heritage. Thousands of acres will either become fallow or development plans will be accelerated. This will lead to less agriculture, fire hazards, loss of topsoil and more development. Ag use value is mandated by the Hawaii Revised Statutes, Section 205, for all important ag land in the State of Hawaii, including Maui County. I'm pretty sure the passage of this bill would just end up in courts, spending more tax money. The original thought behind this bill was to catch cheaters who take advantage of informal ag use valuation provisions in the tax code. I like the idea of ag inspectors, preferably someone who knows and understands the true meaning of agriculture. Inspectors who will not be afraid to make the right decision. I cannot understand why anyone would support passage of BF-70 and turn agriculture upside down. I strongly oppose BF-70 for it contains major flaws and would create a negative impact on our farmers, ranches, and local food source, even tourism. A man once said, our farmers

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deserve praise, not condemnation. Their effect should be cause of gratitude, not something for which they are penalized. And that's a quote from John F. Kennedy. Thank you, Mr. Chairman.

CHAIR HOKAMA: Thank you, Mr. Nobriga. Any questions for Mr. Nobriga? Having none, we thank you for your presence this afternoon.

MR. NOBRIGA: Thank you.

CHAIR HOKAMA: Thank you. We'll be in recess 'til 3:40. . . .(gavel). . .

RECESS: 3:32 p.m.
RECONVENE: 3:46 p.m.

CHAIR HOKAMA: . . .(gavel). . . Okay, we shall continue the Committee meeting, Members. Okay, Jim McLemora [sic]. Jim McLemora [sic], followed by Joshua Rezentes.

MR. McLEMORE: How's everybody doing? Sorry, I got this bill late so I don't know much about the bill --

CHAIR HOKAMA: Not a problem.

MR. McLEMORE: --and somebody called me about 12:00 to tell me about this so hand-written testimony, so I'll try to read my own writing. I'm very concerned about this bill. My name is Jim McLemore and I'm voting or testifying against this bill, BF-70, because it puts a lot of burden on the struggling small farmer and rancher. They face hardships everyday besides draughts, bugs, cost of, you know, feed, vet bills. It just goes up and up and it never stops for the small farmer, rancher. Not to mention the foreign competition. We have no more sugar, no more pineapple. It's just another, this bill seems to me just another nail in the coffin for the farmer and Maui. It's not fair to penalize these farmers or ranchers who dedicate their lives and their family to land and agriculture. So it's mainly mom and pop businesses that you're putting out of business. It just, it doesn't make sense to me. Let me give you a couple of examples that I know about personally. My mother, my father-in-law, my mother-in-law, they harvest avocados and that's what they do for a living on their land. They're 85 and 89 years old and I don't know if you've ever seen an 89-year-old man on top of a extension ladder with an avocado picker but that's the only way they can make money now. And they drive down and they sell their avocados to whoever they can. So, I mean, I just don't know enough about this bill to say what's going to happen. I know that you just keep putting hardships on people and it just doesn't make sense. If you need more money, do it the way they say, the gentleman farmer. Go out and check their land, see if they have grass instead of, you know, weeds this high. But another one, one other thing I saw or--really, I'm sorry about this--is that the past year, I think, will be the last year for the Christmas tree farm Upcountry. It's been there for years and years and years because they can't compete anymore. And they just, they can't compete with the trees coming in from mainland and all it takes to grow a damn Christmas tree, excuse me. Do not pass this bill or, you know, I feel such a shame of our elected officials that I'm looking at, they're all friends of mine,

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that a committee for the last year or two years or three years that I've listened, have done all your work for you and you haven't listened to them at all. I mean, what's up? You're elected officials, should listen to people that you're representing and it's just, anyway, I'm done. I hope you will do what these people ask you to do.

CHAIR HOKAMA: Thank you, Jim. Any questions for Mr. McLemore? Thank you, Jim. Joshua Rezendes, if you would come forward please, followed by Sherman Deponte.

MR. REZENTES: Good afternoon, Chair, Council. My name is Josh Rezendes and I'm a small rancher and beekeeper from Kula. My brother and I are in our 30s and I've been working on our family ranch with my father since we were kids. Ranching has been in my family, my family's...I'm sorry. My brother and I are working, my brother and I are in our 30s and have been working on our family ranch with my father since we were kids. Ranching has been in my family's _____ for generations and it's all that we know. We cannot express how important ranching is to our family way of life. After reviewing BF-70, I have many concerns and worries if this bill were to pass. All agriculture on Maui will be greatly impacted and many farmers and ranches that exist today would just be memories. Taxing these agriculture properties at market value would substantially increase property tax, making it nearly impossible for farms and ranches to make a profit and stay in business. Next generation farmers and ranchers, like myself, who once thought they could continue to run the family business, will be seeking employment elsewhere, excuse me, or give up ranching and farming altogether. The talk of doubling food production on Maui by 2030, also known as Aloha+ Challenge, would be totally obsolete. I believe the spirit of the bill had good intentions, however is very flawed. This is why I humbly ask you to kill this bill. Mahalo.

CHAIR HOKAMA: Thank you for your testimony.

MR. REZENTES: I also wanted to show you guys ...

CHAIR HOKAMA: Yes, yes, Mr. Rezendes?

MR. REZENTES: This is my family here. This is last year's Upcountry Events Guide. Look at my son and my niece. If you guys pass this bill, you going affect them and the younger farmers over here and ranchers, these young boys with their cowboy hats. So please kill this bill. Thank you.

CHAIR HOKAMA: Thank you. Mr. Sherman Deponte, followed by Tama Brandeburg.

MR. DEPONTE: I'm Sherman Dudley Deponte, fifth generation Portuguese, pure Portuguese, so beware. Any case, I'm been a rancher, farmer, pineapple field picker, rancher for about 15 years, farmer, worked with our next door neighbors growing crops. My profession is professional land surveyor and I've been doing that for 40 years now, licensed in three states. I have firsthand experience as far as, you know, owning and operating a ranch and it's tough work. Every single dollar they earn comes from sweat. It just don't come to you just like that. You can just pass a bill just like that and collect the money. We cannot. We have to go out there and work, like I said,

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sweat, and these people work. Instead of taking, we need to give these people. Taxing the people in a community is simply wrong. It's not helping and our community, it's not helping the community and the needs of this County as a whole. The Upcountry, we need to know what's happening with the money too, if the bill goes, if you're going to tax us more, if all this happens, where is the money gonna go? Upcountry been neglected. Our water, roads, you name it, we've had it but yet, if you look at the ag, ag land is Upcountry, out country, it's us, and you gonna raise that taxes. In any case, I mention the water, sewer. We got septic tanks, we don't have sewer systems. First, I gonna say, let's see what, you know, if we're gonna come up here and say, oh, there's problems, I wanna look for solutions. First I would say, if you're looking for money, the first thing we need to do is get serious. The serious part is this. Look at the different departments in this County. We need to audit every single one and we need to get checks and balances shortly after. And once the people understand that our money's getting well spent and in the right places, not wasted, I think you'll have more, we appreciate that our money's getting put to good use, not use that is flying around. So with that, I'm saying checks and balances. The next solution is a new zoning. I've watched it through the years. As a surveyor, we've divided land from here to wherever, California, Arizona, whatever. In any case, we need a new zoning. I would say, call it the GE zoning. It's called gentleman estate zoning. Find out where that lands are and where you wanna put 'em. Don't put it in our prime agriculture land. I mean, we got community planning for agriculture. All of a sudden we have gentleman estates inside of the agriculture and it's mixed now? If you have a GE zoning, it'll be stuck there. You wanna buy land, there's the place for have your gentleman estate. Tax it as such, not false agriculture. You can see, one of the things that I, when I met with some of the County officials is basically this. Look at the farmers when they come in and asking for something, for help, how can we do the solution? And one of the things I mentioned and went into _____, Councilmember Don Couch saw me explode on that one. I said, look at the man's hands. He had dirt under his fingernails, that's a farmer, that's a man working for his money.

CHAIR HOKAMA: Mr. Deponte, if you can please --

MR. DEPONTE: Thank you.

CHAIR HOKAMA: --conclude?

MR. DEPONTE: I appreciate the time and efforts from you guys, but --

CHAIR HOKAMA: Members, questions ...

MR. DEPONTE: --listen to that, listen to the advisory committee.

CHAIR HOKAMA: Members, any questions for Mr. Deponte? Thank you for being here. We appreciate your testimony. Tama Brandeburg, followed by Mark Sheehan.

MS. BRANDEBURG: Thank you, Mr. Chairman and Council people, for allowing me to testify against BF-70. I'm here as a Maui coffee grower to testify against this bill. I'm a small, Upcountry farmer on a 2-acre Ag-zoned property in lower Kula. Our small,

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family-operated farm, Tambra Gardens, has contributed in efforts to help diversify Maui's economy since 1988. We have always been in compliance with the guidelines for Ag-zoned properties and for the past 27 years, it has been a labor of love and economically we would not be able to support ourselves on the farming venture alone. This is a second job for my husband and myself and unfortunately, we couldn't afford to own more than 2 acres so I don't feel I need to apologize for being a small farmer or being considered a gentleman farmer. I'm shocked, dismayed and angered that this bill is being presented as is. I find it a direct insult to Maui farmers and ranchers and would see it as passing a death blow to agriculture in Maui. I find it ironic that although we hear about the importance and necessity of diversifying Maui's economy, this bill would have the opposite outcome. We grow fruits, vegetables, in addition to award-winning coffee, which is sold nationally through our website. We use the Upcountry farmers markets as an outlet for our organically-grown products. We play a small, but nonetheless, less important role in Maui's agricultural community with a goal of sustainability. If your intent by this bill is to catch cheaters or those that have Ag-zoned properties but are not engaged in ag activities as prescribed by the law then I would say, look to yourselves for proper enforcement of rules and regulations already in place and not by creating new legislation that would be detrimental to Maui's farmers. Dedication of ag lands would not be feasible for us as we are reaching retirement age. Ag land being taxed at market value would mark the end of our farming venture. The stay calm and farm on motto, which usually sustains me, is not appropriate in this case. We are mad as hell and don't want to take this. We hope that the Council will do the right thing and kill this bill today. And I also want to say that I find it especially troublesome that the many hours over the last years of the working ag committee have been ignored and does not bode well for future manifestations of this bill.

CHAIR HOKAMA: Thank you. Any questions for the lady?

COUNCILMEMBER COUCH: She didn't identify herself.

CHAIR HOKAMA: Pardon me?

COUNCILMEMBER COUCH: She didn't identify herself.

CHAIR HOKAMA: Okay. If you could please --

MS. BRANDEBURG: Sorry.

CHAIR HOKAMA: --state your name for the record.

MS. BRANDEBURG: Tama Brandeburg.

CHAIR HOKAMA: She spells it T-A-M-A. Okay, next Mark Sheehan, to be followed by Robert Ferreira. Mr. Sheehan? Last call for Mr. Sheehan. Robert Ferreira please, to be followed by Bobbie Patnode.

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MR. FERREIRA: Mr. Chair, Honorable Councilmen, you guys all know me. I came in front you not to long ago testifying on our tragedy in Kaupo with the rubbish dump situation. Anyway, for the record, for the people who don't know me, my name is Robert Ferreira, everybody know me as Bobby. I'm the operations, cattle operations overseer and land manager for Kaupo Ranch. I get the whole script over here but, you know what, I not going read off of this because I made the 16 copies and I gave you 2 extra, get 18, so each one of you get this and read 'em because I tell you everything about Kaupo. Now what you guys need to know about Kaupo is, in Kaupo, I get 30, I get 86 total TMKs, 86. Thirty of them is shared, 53 is outright owned and I lease 3 from the State. Mr. Teruya get my land market value at \$68 million combined. Kaupo no even worth half of that. I get buildings that is falling apart, termite ridden, that is valued at a million dollars. I get shared TMKs that's so-called buildings that is one cistern out there that was built in the '60s, and one pump house built in the '70s, that is valued at \$265,000. So when this bill came out and, for the record, I'm part of that Ag Working Group. When this came out, almost one year ago, I was here testifying to you guys and told you, this, well, you get my testimony here, read 'em. But now I stay on TV, they looking at me and I going tell you right now what going happen to Kaupo if you guys pass this. Kaupo is done, it's done, because how I going dedicate 30 shared TMKs when I get as many as 70 people named on that TMK? The average is between 10 and 15. Now, on my own TMKs, 53 of 'em, it's no secret that all us big ranches when survive this long in trying to keep the land in ag, trying to steward the land, because we gotta sell land. So if I going sell, if I going dedicate my own TMKs and I know I gotta go sell for pay my bills. You guys going penalize me, the rollbacks? Doing the math scared the shit out of me because you valuing me at \$68 million, do the math. I owe you guys 395 per year. I paying you 27 now. I dedicate for 20 years, I pay 7. Who win? I win, not you guys. You guys just when lose 20 grand. So this whole thing no make sense. Kill this thing once and for all. Start all over again. Look at Mr. Victorino's bill. Maybe that, we can work with that. And listen to the Ag Working Group because we did this work for you. I'm done.

CHAIR HOKAMA: Thank you, Bobby. Questions for Robert Ferreira? Having none, thank you for being here. Bobbie Patnode? Following Ms. Patnode is Brendan Balthazar.

MS. PATNODE: I'm a ranch sandwich, I guess. Aloha, my name is Bobbie Patnode. I'm testifying for myself. I'm Vice-President of the Kula Community Association and I also serve as moderator of the Ag Working Group. Patnode Family Farm grows organic vegetables commercially, which we sell at farmers market and to value-added producers. We have customers all over Maui. I oppose BF-70. The Ag Working Group was formed to provide the Council with input from the ag community and last March was asked to make recommendations regarding BF-70. We spent a lot of time learning how ag use value assessment and dedication work in other parts of the United States. The County had not done their homework on how this bill would affect ag land here so we did our own analysis. Councilmembers have all received the results, most recently in testimony last December. Unfortunately, the latest version of BF-70 does not reflect the Ag Working Group's most important recommendations. It is crucial to continue to value ag land at its ag use value, which is the value the land can produce in ag. The value of the crop or cattle the land can produce is significantly different than what happens with market values of residential real estate. Ranchers and farmers will lose

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money if land is valued at market value. Please refer to the analysis from Dr. Margaret Stumpp, which shows changing to market value would not assure additional income for the County and her expert testimony that this would cause a loss of agricultural land. We must update the ag land use values currently in effect, which are 50 years out of date. The County could realize at least another 1 million annually if we did this. And we do have Kathy King here today from USDA, NASS to help with that. We must hire qualified ag-knowledgeable inspectors to make sure the ag use value and assessments and tax rates are fairly applied to properties that are currently used for ag. And we must have a dedication law that does what it is meant to do, which is incent farmers to keep their land in active agriculture. The way BF-70 is written, it will incent landowners to get out of ag and sell their land. BF-70 has an income requirement, the timeframes are too long and the values are based on market value. I know the Council and our laws support agriculture, but BF-70 does not. Please support Maui County farmers, ranchers and ag. Please vote to oppose BF-70. Thank you.

CHAIR HOKAMA: Thank you for your comments. Any questions for Ms. Patnode on her testimony? Ms. Baisa?

COUNCILMEMBER BAISA: Thank you, Chair. And thank you, Ms. Patnode, for all the hard work that you have put into the Ag Working Group, I really know how many hours is there. But I wanted to ask you, just to be sure I'm hearing you correctly. You want the ag values updated?

MS. PATNODE: Yes, we do. We think that's fair. They're 50 years old and we had Kathy King come, who's with the National Agricultural Statistic Service, and explain to us the work that she does. She's already paid to do this, which is keep track of ag land values in Hawaii. She's our Hawaii person and she can give you the whole list of what crops are worth per acre in Maui. So that's information that our tax people could be using right now to update the values. And if we used...we did some analysis using her data and sort of aggregated all the crops, the diversified crops together and we estimated that you'd get at least \$1.2 million more per year if we did this. And I know that was something that you had asked us to look for, Mr. Hokama.

COUNCILMEMBER BAISA: So to accomplish that, to update those ag values, should be fairly simple if somebody's already on it?

MS. PATNODE: That's what we think.

COUNCILMEMBER BAISA: Okay. Thank you very much.

CHAIR HOKAMA: Any other questions for Ms. Patnode? Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. Thank you, Bobbie, for showing up today and, you're doing such a great job with the Ag Working Group. I know that part of the research involved the utilization of Margaret Stumpp, her analysis of some of the different, other alternatives that could be used as applied to the data that RPT is provided on the website.

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MS. PATNODE: Right.

COUNCILMEMBER GUZMAN: And so some of that information you might want to be able to share with the other Councilmembers in a public forum, such as this, that, and I know that you mentioned one thing, was instead of using the market value, we could increase the old ag values, which was, you know, haven't been updated since 1960s. Are there other alternatives? I know that there are so I'd like you to --

MS. PATNODE: Right.

COUNCILMEMBER GUZMAN: --be able to ...

MS. PATNODE: We looked at, we know there's a number of ways to do it and all 50 states do an ag use value calculation and every state does it to a different degree and by a slightly different methodology, whatever is most appropriate. So it's something that I think our County should really be looking at. But we just did simple analysis on if we took just the rate of inflation since 1965 and applied that and, believe it or not, that comes out to about \$1.2 million additional as well. We also looked at the method that's used on Oahu and we looked at the method that's used on the Big Island. So that data, I know it's, I appreciate that you guys have a lot to read. We did send Dr. Stumpp's analysis to every Council person in December, before our December meeting. So that data is in there and in a table and Dr. Stumpp is not on island today or she would be here, but she will be here later part of March if you want to have her do a presentation for you.

COUNCILMEMBER GUZMAN: And I might add, just indulge me, Chair, is that I did take that data and sent questions to RPT and within the binders, Members, are the responses of RPT with that data. So, thank you.

CHAIR HOKAMA: Okay, any other questions for the lady? Having none, Ms. Patnode, we thank you so much for your testimony. Mr. Balthazar, followed by Elden Liu. Yeah, your turn, your turn, Brendan.

MR. BALTHAZAR: Shit, I've been waiting long enough. I'm Brendan Balthazar. I own and run Diamond B Ranch, started in 1968. I just figured out that's, geez, 47 years I been doing this cattle thing. I don't write things down but I always forget stuff so I just going hit the head deals. Ag value should be used to compute ag tax and not market value. It'll pull the true ag guys out of business. Having to make 2,500 will take a lot of properties out of ag and will not be, it won't be an issue, the 2,500, if you get ag inspectors. You no need go check, right? Existing leases should be honored. That is a big thing because we invested so much already in the infrastructure of these leases only to have 'em cancelled because they gotta dedicate. If you already dedicated, you shouldn't have to be forced to rededicate. The advisory group should be picked by the Council and names submitted from all working groups. I'm also, not only on the Ag Working Group but on the Board of Directors from the Farm Bureau, Cattlemen's Association, coffee people, everybody should submit names for people to be on that advisory group. Another important thing, the Director should not be the almighty, I

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have only one God. Everything in BF-70 is at the discretion of the Director. If this bill is to catch fake farmers, we have a lot of 'em that don't want to farm, willing to pay market value, like Annette said, I found that out, poor guy calls me, he wants to build one swimming pool, he gotta make one damn farm plan. Why? 'Cause State ag says 51 percent gotta be in ag. Well, the Planning Department asking him for that. He don't want that. Couple solutions. These people living in places that is already set, like 2-acre lots, if you gotta rezone 'em, rezone 'em. They still have the right to do ag. They still can farm. And the 20-year dedication, kinda nuts because it, you know, a lot of guys are older. I think the main thing is give you guys examples. But I think that is, everybody was saying that they don't like it, they don't like it, let me give you the examples. I lease 1 small piece in Omaopio, 25 acres. My tax, \$250. I can raise 3 cows, dollar a pound, 400-pound weans, \$1,200. If the guy dedicates, if he dedicates, my tax will come up at 80 percent, \$2,300. How the hell can you make 12 and pay 23? Another one is, I lease a big parcel, about 3,500 acres. The ag value is over 30 million. My tax now is 500, 2 TMKs. My tax going up to 34,500. I pay 14,000 in lease. Fourteen thousand in lease, last year cattle prices was great, I made 25,000, paid 14 in lease, that is not water, not nothing else. Anyway, so these are examples why this bill is bad. And let me say something, Chair, I know you support ag and deep in my heart I know this. And most people wants to kill this bill. Dedication, I like dedication 'cause it'll take a lot of vacant land out of non-production and put it to some of this young guys that work with me. They will never have a chance to lease a land. I leave over 10,000 acres and I plug these numbers into every piece I have and every one, the income from that property will be exceeded 500-600 times over by the tax. So this is the bad thing. If we can go to ag values, this is my main thing.

CHAIR HOKAMA: Thank you, Mr. Balthazar.

COUNCILMEMBER GUZMAN: Chair?

CHAIR HOKAMA: Members, questions for the gentleman? Mr. Guzman, you have a question for Mr. Balthazar?

COUNCILMEMBER GUZMAN: Yeah, thank you, Chair. Thank you, Brendan, for being here and also serving on the Ag Working Group. What, you mentioned ...

MR. BALTHAZAR: ...*(inaudible)*... pain in the ass, I'll tell you that.

COUNCILMEMBER GUZMAN: I'm sorry.

CHAIR HOKAMA: Thank you for your candidness.

COUNCILMEMBER GUZMAN: You are a vital element, member of that group. And I guess one of my other questions is, your opinion, I'd like to have you share your opinion on the percentage of the dedication. What would you feel is a more appropriate, instead of 50 percent at, you know, first 10 years like that ...

MR. BALTHAZAR: Cut to the chase.

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COUNCILMEMBER GUZMAN: Yeah, cut to the chase.

MR. BALTHAZAR: Okay.

COUNCILMEMBER GUZMAN: What is reasonable?

MR. BALTHAZAR: Be honest, 5-year dedications is for guys that speculating that going do something. As one rancher, if I'm going lease something, by the time I pay down the infrastructure, like Roland was saying, incidentally somebody asked that question. Fencing right now can, Miranda can tell you when you ask him, running between 7 and 10 bucks a foot, okay. Figure that on 1 mile of fencing, 5,280 feet, that's your initial investment. Now, ag values, I think 10 years, if you would dedicate, it protects me as the farmer, as the rancher, I know you not going sell that. Lot of leases, and like Alan Kaufman mentioned, all leases, the lessee pays the tax at the ag value. When you take it to market, I gotta pay that. I cannot afford to pay that. And I feel if you giving that 98 percent, nobody going dedicate for 20 years. If you have to go with dedication as a tool, like Mr. Victorino's bill before, which I really like, 98 percent of ag value on 10 years but you gotta, I mean, the ag value--and let me explain something that Mr. Ueoka told me, and he was even confused, and he wrote the bill. Okay, let me--dedication, okay. Now that you asking me, Don, the dedication, I believe, if you base the tax on ag values, it has nothing to do with the people who don't dedicate that have the big land, that's market value. If you penalize 'em, it's penalized on market value, not ag value. So if you go with 98 percent on the thing, might be something, but there's so many little flaws that we pointed out as the Ag Working Group that could be fixed if this was, has to be the tool for the dedication.

COUNCILMEMBER GUZMAN: Okay, thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And, Brendan, thank you for being here. You brought up another very interesting point about the Director or the individual who will make up or will say yea or nay to your farm plan and to, you know, the one person in charge saying yes or no. What is your take on that when you have a, you know, a group that's going to be put together, who is supposed be all ag experts who will be reviewing all of this? Do you feel that that's still a big problem?

MR. BALTHAZAR: Okay. As I mentioned, everything in that bill says at the discretion of the Director, right?

COUNCILMEMBER VICTORINO: That's correct.

MR. BALTHAZAR: Okay. I feel that we need qualified ag inspectors --

COUNCILMEMBER VICTORINO: Right.

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MR. BALTHAZAR: --and the reason being, and I'm glad he came back from the bathroom 'cause I met Scott before and, as you know, I like to give examples and I felt that the Director, who is doing the inspections, should know about ag. And I told him, I said, Scott, I have one pasture in Makawao with kikuyu grass. I have goats, I have cows, I have horses in there. They all eating the same grass, drinking the same water. Why, when the horse poops, donuts; cows, cow pies; goats, beads? He looked at me puzzled. He said, I don't know. Now this is somebody know nothing about shit and he's going tell me what I can raise on my property. I mean, no, I mean, seriously, no offense for Mr. Teruya but honestly, that's the truth. And this bill, I have to defend Jeff guys too because you gotta remember, I really honestly, truly, I met with Riki and he really, really wants to support ag but Riki been in Washington. He goes to meetings, he's busy all over the place. He reminds me of one cat with the runs. He cannot keep up digging holes so he get Scott and Jeff helping 'em but they not digging deep enough so the damn thing stinks. I mean, you know, come on. Ag values is the key here and I really think you going get support if it goes to the ag values because ag values is based on what they can produce. And another issue in this bill that you brought up, Don, was I was told ag values, ag values, land is land. Oh, no. My 25 acres in Omaopio can support maybe 3 cows. Take the 25 acres and put it in Haiku, maybe 7 or 8. So it's not the same. It's different all over the place and I just going reiterate what everybody been saying. You know, we worked like hell on this damn thing and we sent this down, as we were asked. The mistake was, Bobbie, I think we sent that, was during the hurricanes because toilet paper was short so nobody read 'em. You know, this is the bad thing about this whole bill, you, like Bobbie said, we need to get with you guys to find out what the heck is going on. But I'm all in favor, honestly, dedication might be the tool to take away a lot of these vacant lands that guys just come here and buy and don't do nothing with.

COUNCILMEMBER VICTORINO: Right.

CHAIR HOKAMA: Mister ...

MR. BALTHAZAR: Anything more about cows?

CHAIR HOKAMA: Mr. White? Mr. White?

VICE-CHAIR WHITE: Thank you for your usual color. Do you have a concern about the homesite portion of the bill?

MR. BALTHAZAR: You know, Mike, I support the homesite. You know, unfortunately lot of guys fight it and everything but, you know, I started thinking about it. If I live in my house, I take a bath in my house, I watch TV in my house, should be the same as you watching in your house and Mike in his house. So I really no more too much of one problem with the homesite as long as it's fair to everybody and you not taking one huge deal. I, it's like, I was going mention to Mr. Victorino about my leases, about houses. It's the same thing like if you have one house and you rent that house and you come to me and you say you get this old plantation house, I wanna move in that house. Can you fix that up? I'll give you one 10-year lease, dedication. I give you 10 years, you fix it up, I give you \$50 a month. After 5 years, somebody come, said,

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whoa that's one nice house, I wanna buy that house. There goes Mr. White, he's gone. And that's what happen, why I asked the Chair about honoring existing leases because we already put in the infrastructure, like you put in in that house, and lot of leases now, which is bad, and I mentioned this to the Chair, have cancellation clauses. If these leases are honored, they should be considered the same like one damn dedication, where they can't yank 'em from under you. We on pins and needles with lot of landowners, I can tell you that, because I lease 98 percent of the land that I ranch on. And always there's somebody come and they said, whoa, man, I wanna maybe buy that or I wanna do this, I wanna do that. And now we start scrambling, we already put the fence in, we put all the infrastructure, so the homesite, Mr. White, I support you on that homesite. I don't support market value.

VICE-CHAIR WHITE: So you support dedication on ag value?

MR. BALTHAZAR: Ag values.

VICE-CHAIR WHITE: Right.

MR. BALTHAZAR: Ag values. And bring the damn thing up. Jesus, like Bobbie said, 1.2 million. You cannot hire two qualified inspectors that know the difference between one goat and one chicken or, you know what I mean? Really, that's the truth. I mean, no offense about Mr. Teruya, I can tell you that, because I had one issue with one of their inspectors, came up to my pasture, told the owner he's taking it out of ag. The owner called me from the mainland, he's pissed. And I said, what the hell? He said, well, you took out the cattle. Well, one of his inspectors jumped over the fence, saw no cows, I moved 'em to the upper paddock. He said, well, we taking it out of ag. So when I asked him, I said what are you doing on my place without asking me permission? He said, we don't have to, we can just go. I said the police need a search warrant but the tax man can come in your kitchen. Well if he coming, he better come do my dishes. Anything else?

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

CHAIR HOKAMA: Any other questions, Members, for Mr. Balthazar? Having none, we thank you for your presence. We always enjoy your comments.

MR. BALTHAZAR: Jeff, dig deeper holes, yeah.

CHAIR HOKAMA: Elden Liu? Following Mr. Liu is Richard Shim.

MR. LIU: Mr. Speaker, Councilmembers, thank you for having me, give me a chance to speak. I do live in a agricultural subdivision, it's called Kula Nani, off of Kekaulike, and we have ...

COUNCILMEMBER VICTORINO: Your name? Your name, if I may?

MR. LIU: I'm sorry?

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COUNCILMEMBER VICTORINO: Your name, please?

MR. LIU: My name is Elden Liu and I live up at Kula Nani, off of Kekaulike, and we do have a water system that needs pumping of water to the upside of a 75,000-gallon tank that distributes from there to the neighborhood of about 37 people and we take care of the maintenance costs to make sure that we're distributed okay. That's one issue. The other thing that I would like to comment on is that regarding Kaupakalua, I believe this is where EMI or the water system empties out on. That is a royal patent and it went to Hikiau in 1848, who is my ancestor, I'm six generations away. And regarding the royal patents, there was a declaration of rights of the indigenous people that was done in the United Nations in December 10th of 2010. But I would also like to read, is the United States law about the land patent, and it specifically states for Hawaii like, the warranty deed. The warranty deed cannot stand against the land patent in Hawaii, a royal patent. A grant of land, a land patent is public law, standing on the statute books of the state or nation and is notice to every subsequent purchaser under any conflicting sales made afterwards. That was the case by *Wineman vs. Gastrell*. The other one is, the land patent is permanent and cannot be changed by the government after its issuance. Where the United States has parted with title by patent legally issued, and upon surveys made by itself, approved by the proper departments, the title so granted cannot be impaired by any subsequent survey made by the government for its own purposes. So I'm not here to try and say that, you know, I want my lands back or anything like that. I mean, with that much land availability, you want to share it with people. I heard a little beep, is that off?

CHAIR HOKAMA: No, you have 30 seconds, Mr. Liu.

MR. LIU: Anyway, with regard to Kaupakalua, my ancestor Hikiau, who was an ali'i, was given that award and sometimes I think I'd like to be included on your meetings regarding water systems, if you having the water come out of Kaupakalua. This is the royal patent book of 1848 by King Kauikeaouli. When he gave the land distributions that was to the konohikis and the ali'is first. And then after that, he addressed the people. But these are, this is the book and all the signatures, all the kings, ali'is are all in here. If you agree, if you agree with the king, he will sign on this side, Kamehameha. And then the patentee or the konohiki or ali'i will sign on the other side. So this is a book, it says *...(spoke in Hawaiian)...* Kamehameha *...(spoke in Hawaiian)...* Honolulu, 1848. So lot of times, when I go to hearings, I hear of this, the developers that are wanting to, you know, develop for housing, which is very much needed.

CHAIR HOKAMA: Mr. Liu --

MR. LIU: You always --

CHAIR HOKAMA: --you're gonna need --

MR. LIU: --see the --

CHAIR HOKAMA: --to please wrap up.

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MR. LIU: --you always see the names of the patentees in there and no attention is brought by the Councilmembers or the committees that are granting the permits. So sometimes I wonder about that and there is a thing called Declaration of Rights of the Indigenous People, signed by Obama and I believe the Governor Abercrombie also signed that too. But anyway, that is what I have to say. I sure would like to hear about water issues in the meeting if the royal patent is towards my family. So that is what I have to say.

CHAIR HOKAMA: Thank you, Mr. Liu. It is not a specific item of today's agenda, Mr. Liu, but we appreciate your comments as you feel it's appropriate regarding agriculture lands and BF-70. We appreciate your thoughts but the specific item is not for discussion this afternoon.

MR. LIU: I'm sorry, sir. I don't have a hole in this ear and I took my hearing aid for repairs today so I'm having a very hard time hearing what you're saying to me.

CHAIR HOKAMA: I'm saying that this is not the specific item --

MR. LIU: I realize that.

CHAIR HOKAMA: --that we are taking up.

MR. LIU: I realize that, but the water that these people are paying for comes from there.

CHAIR HOKAMA: And, again, when we have a specific issue regarding those waters, Mr. Liu, we are, again, more than happy to receive additional comments from you.

MR. LIU: I understand where you're going with that, sir, but I still believe this is a very specific situation, where the water comes from.

CHAIR HOKAMA: Yeah, we're not going to argue at all with you, Mr. Liu. We appreciate your comments.

MR. LIU: I expect the response.

CHAIR HOKAMA: Thank you. Any question --

MR. LIU: Any questions?

CHAIR HOKAMA: --for the gentleman? Any questions for Mr. Liu? Having none, Mr. Liu, we thank you for your comments this afternoon.

MR. LIU: Thank you.

CHAIR HOKAMA: Thank you, sir.

MR. LIU: Thank you for listening.

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CHAIR HOKAMA: Richard Shim, and following him will be Marjorie Bonar.

MR. SHIM: Mr. Chair and Council, thank you for this opportunity for listening to my concern. I'm opposed to this proposed amendment. I feel that it's gonna be a real tax burden to the farmers and ranchers and it's gonna be devastating because it will change what Upcountry and other areas would be without this tax break that we having at present. I am a third generation farmer. My grandfather had a ranch in the, I think was in 1904, and my grandfather was the one that laid the first Kula pipeline and it was quite a challenging thing because most of it was done by manual labor but I encourage the Council not to pass this bill because agriculture is what all Upcountry is about. And you gonna kill the goose that lays the golden egg if this bill pass. Thank you.

CHAIR HOKAMA: Thank you --

COUNCILMEMBER VICTORINO: Chair?

CHAIR HOKAMA: --Mr. Shim. Any questions for Mr. Shim? Okay, Mr. Shim, we thank you for spending the time here. Ms. Bonar, to be followed by Dale Bonar.

MS. BONAR: Aloha. I have to get my notes up here. I'm Marjorie Bonar. I am now a gentleman farmer. I wasn't always but I don't pay ag taxes, I don't pay ag water, I'm paying for the privilege of living the way that I want to live. I probably give away well in excess of that \$2,500 worth of products a year. I donate all over the place. I freely give to friends, acquaintances and I do a lot of growing for the Maui School Garden network, where we're trying to teach children that all your food doesn't have to come out of a Matson container. There was a time I was a real farmer, not that long ago, and I'm really glad that I don't have to anymore. We had 36 acres outside of Annapolis, Maryland and the local farmers thought we were nuts for having paid \$3,000 an acre because you couldn't make money paying that kind of money for land. I fattened cattle, I raised my own feed and no matter what my husband says, the only thing he did was drove a tractor on occasion. I grew a lot of row crops of berries, everything else, and he did have bees, but now I don't have to go out in the rain and the heat, I don't have to weed when it's ugly out, I don't have to go dig holes when I am aching so hard that I can't move. Being a farmer is as tough a thing as there is to do and the idea of trying to find a way to balance these taxes really shouldn't even be a question. This is a bill that just should die. If things need to be rebalanced, start from someplace that makes sense that doesn't put this kind of onus on top of a farmer, who's already trying to decide what their farm plan says and what their land says. I thought I was growing all kinds of wonderful things and discovered that my soils were so sandy that strawberries were the best crop I could put in. It's just not something someone else can tell you. And even if it's been farmed, unfortunately that had been a tobacco farm, just because something was there doesn't mean it still does. Rainfall changes, climatic change, especially now. How do you ask a farmer to plan on what they're doing when this year they got half the rainfall they got last year? I now don't water anything I can't eat, which means I've got a lot of lovely tropical plants for anybody that wants to come dig them because I'm not wasting the water on them. So,

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sorry for taking up your time. This just sounds like something that should just plain die.

CHAIR HOKAMA: Thank you for your comments. Any questions for the lady on her testimony, Members? Thank you so much for your comments. Dale Bonar, to be followed by Patsy Pitts.

MR. BONAR: Aloha, Chair, Council Committee. She did all the farming. I mean, yeah, I mowed once in a while, that's the farmer. I was earning the paycheck that helped pay the things there for other sides but you guys all know that. By background, I grew up in Honolulu, you know, you all know me as working in conservation, trying to protect so much of this special places here and it was 'cause I grew up in Honolulu, you know, when I was a small kid, you know, there was still, there was no Kapolei, you know, Milolii, Kunia, little tiny plantation towns. You know, the Oahu Railway and Land, you know, was still running back then. You all know what Honolulu is like now. It's what we don't Maui to become and the way to approach things like that is to support the things that keep Maui Maui. When I was a kid, we used to have lots of family farms. Farm truck would come down our alley in Manoa every, couple times a week, mom would go out, buy fresh veggies and stuff, you know. We don't see those things anymore. We have farmers markets fortunately but as we all know from reading the papers, we produce about 15, maybe 20 percent of what we're consuming here. And that number has just been dropping and dropping. We're seeing one farm after another go out. We've lost the largest remaining agricultural single entity here. And so how do we get around that? Now, is there a problem with gentleman's farms? I live in Kula 200. As Marge said, we don't take ag taxes, well, we can't get enough ag water. But there are plenty of folks there. I know at least some of 'em are getting the farm rates and they're not doing farming. On the other hand, I take exception to the description of agriculture as being only commercial agriculture as you're defining it here. You know, it's just, supplying the Food Bank, supplying schools, supplying those things as a donation. Those can't show up on our taxes, there's no place to put that down. So what this bill does is try to address that very real problem by using an atomic bomb, which is going to be hitting the small farmers particularly hard. These people work 14 hours a day, they're working 7 days a week, say, oh, all you gotta do is just fill out some more paperwork, more paperwork, show us your taxes, do all of this. You know, it's an exhausting life. When I work with all of these kids, through the farm union, through the other farmer's groups here, and see their enthusiasm, that youth that want to do it, they can't afford land, maybe they can lease but, of course, if they lose their lease, there goes everything they've put into it, no equity. And so I encourage you not to delay this bill. I encourage you to kill it and start over. Your solution has been suggested several times. Hire a couple of good, qualified agricultural assessors there to go out and look. And anyone who does good agriculture knows what good agriculture is. I should also point out, if I was a gentleman's farmer, all I gotta do is have my wife set up the official farm with the GET. I pay her \$250 a year to supply food for the, our kitchen. See I can show we're doing farming. Anyway, kill it. Thank you.

CHAIR HOKAMA: Thank you. Any questions for Mr. Bonar? Thank you very much for your testimony. Patsy Pitts, please, and followed by Martha Lind.

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MS. PITTS: Hi. My name is Patsy Pitts and I live in Haiku and I have, I guess, a gentleman farm. It's about a quarter of an acre of my 2 acres, that's the ag rate. I came to speak against your bill but I was, I kind of threw that out the window because of your comments in the beginning, Mr. Hokama. You take this very personal and I was really surprised for you to keep calling what is a tax rate a subsidy. It's a tax rate. It's not a subsidy. It's a tax rate, it's just like any other thing that the government assigns, that's what it is. It's a tax rate. And the other thing that you said that I was surprised was you said that it's been 14 years that this has been on the plate, is that right? If it was that long, I mean, I wouldn't be talking about it if I were you. That's a long time for it to have not been resolved. I'd be a little embarrassed. And so about 7 years ago, I got that form, see we have mixed tax TMKs on our property. I got that form and I spent some money and filled it out and had a thing drawn up and took it in and waited and waited, and I waited and finally I called and they said, oh, we haven't decided if you get to keep ag. And so then I called, and then I called, and so then I finally made an appointment with the man, whose name I forget, was on the bottom of the form, of the letter, and I went in and saw him and he said, you get to keep it. We sent out like 10,000 letters and we didn't expect the response and so we don't have enough staff to cover it. So the man who spoke before me, I just, I don't get it. I just don't get it. What you're trying to do is raise funds, which is your job, you know, when you make all those tax decisions, I mean, rules and stuff. But why don't you just hire those people and go out--we all know, everyone in here knows someone who's on a \$2 million house that's a gentleman farm and they're not farming. So why aren't you doing that?

CHAIR HOKAMA: Thank you for the question. We are going to take it up in the --

MS. PITTS: No, that was a question.

CHAIR HOKAMA: --Upcountry Budget.

MS. PITTS: I'm sorry, I'd like an answer. Why aren't you doing that, as opposed to making a tax law that's affecting all of these people here who don't have really the money to do it? Why aren't you doing that, just hiring the staff to find the people who are cheating on this? They're cheating, right? So why aren't you doing that?

CHAIR HOKAMA: We are.

MS. PITTS: Why aren't you directing the Real Property to hire the people to go find those people?

CHAIR HOKAMA: We are looking at this as one of the additional tools in the toolbox.

MS. PITTS: It's been seven years and that's a long time for that letter that was out that, seven years you could've been collecting millions of dollars of taxes off of those tax cheaters. Well, thank you.

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CHAIR HOKAMA: Thank you for your comments, Ms. Pitts. We appreciate it. And the public can be assured, that is part of the discussion that the Committee will undergo when we reach that phase of the process. Ms. Lind, we are happy to hear your thoughts. And following Ms. Lind will be Jack Patnode.

MS. LIND: Good afternoon, almost evening, Councilmembers and Chairman Hokama. My name is Martha Lind. My husband and I own a small farm in Olinda where we grow coffee, bananas, citrus and raise chickens and ducks. Almost a year ago, on March 9, 2015, I testified before this Committee urging you to defer BF-70 and seek input from the agricultural community regarding, concerning the effect this bill would have upon their farms and livelihood. At that time, the Ag Working Group was formally asked by the Chair to review the bill and make specific recommendations, which they did. But after many, many hours of work and research by the Ag Working Group, here we are again talking about the exact same BF-70 bill that was presented almost a year ago. No changes have been made to this bill despite the research and recommendations submitted by the Ag Working Group. Why was the Ag Working Group asked to review this bill if you were just going to ignore every one of their recommendations? This bill would be devastating to small farmers and ranchers in Maui County. The ag use value is not a subsidy for farmers. Rather, it is used to protect and preserve ag land from the ever-rising market valuation and to limit urban sprawl. Preserving ag land is called for in Section 19 of the Maui County Code and the Maui Island Plan and not only adds to the quality of life in Maui County but also allows farmers and ranchers to provide much needed local food for our community. Even if a farmer elects to dedicate their land to ag under BF-70, the discounts are not enough to come close to the ag use rates that are currently applied. The passage of this bill will lead to many farms and ranches being sold as we will just not be able to afford to continue farming in Maui County. The increase in property taxes from the passage of this bill will affect not only agricultural landowners but also those who lease ag land and those who work on ag land. When the farms and ranches have to be sold, there will be very little ag land on which to work or lease. Farms and ranchers are some of the hardest working people I know. We work 7 days a week, 365 days a year, to make a living and to provide food for Maui County. The passage of BF-70 would destroy our farms and livelihood. The layoffs of 800 workers from HC&S will be nothing compared to the number of farmers and ranchers who will be unemployed and no longer able to make a living if BF-70 is passed. This is an election year. The voters of Maui County are watching. Please do the right thing and oppose BF-70. Please save agriculture in Maui County. Mahalo.

CHAIR HOKAMA: Thank you, Ms. Lind. Any questions for the lady? We'll have Jack Patnode next, and following Mr. Patnode is Pat Borge.

MR. PATNODE: Hello. My name is Jack Patnode. I live on Crater Road and operate a small farm in partnership with my wife and son. I am here testifying because I do not like the way BF-70 ordinance is being forced upon farmers without proper discussion by the Council, until today. I believe it is being presented as a way to remedy the disparity between the valuation of agricultural land and other properties in the County. There are important reasons for the disparities and they need to continue. First, there are no farmers in existence who agree with market value as the method of

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taxing ag land. Forty-nine other states use ag value. Only Hawaii has portions of the State using market value. Agriculture is in a steep decline in Hawaii. It is unfair to ask farmers to pay more than the land can produce as a tax basis. The State has a law requiring ag use for value of important ag lands. Ag use value encourages agriculture. Second, most ag land is located in areas that do not receive large amounts of public assistance. There are less police, street lights, stop lights, sidewalks, sewers and parks in agricultural areas. Why make agriculture subsidize the rest of the County? Third, having the Finance Director or his surrogate decide what is good or bad agriculture is ridiculous. What does the Finance Department know about agriculture, other than it cost them money? Ten years ago, the Finance Director would have told Maui Pineapple to grow pineapple. Five years ago, the Finance Director would have told HC&S to grow sugar. Things change. It is not the Finance Director's job to decide what is good or bad agriculture. Deciding what is good or bad belongs to the landowner and the market. Why does the land need farming as it is best used? Why does the County get to decide what is best? Fourth, get rid of the long-term dedication requirements. They will kill agriculture faster than anything else in the bill. Who knows what will happen in 20 years? If my son gives up on agriculture and we have committed to 20 years, what happens? The long-term commitment for a decent break based totally on a non-agriculture value is arbitrary and slams real farmers. Do I get any credit for the ten-plus years already committed? Fifth, combine the reporting a farmer makes for the County into one form annually. What is being proposed almost duplicates the requirements for ag water. Could the County please simplify their reporting requirements? Sixth, the Farm Bureau represents a large area of the County's agriculture but they are a tiny minority of farmers. Form a committee of anyone the Mayor appoints to oversee the agriculture. Let the Council confirm or deny them. Let the new committee decide if a parcel is producing enough agriculture, not some arbitrary dollar value. Seventh, giving the Finance Director permission to ask for more information they want is way too broad. If more is needed, have them ask the Council about revising reporting requirements. Eighth, the real property tax assessors that have been working hard at identifying non-performing ag properties, keep them going. Eventually, they will find everyone who is cheating. Why not make a modest change to the current law to include the right to inspect? I would also suggest moving an area's assessor to another area from time to time and audits of ag property and valuations. Thank you.

CHAIR HOKAMA: Thank you, Mr. Patnode. Members, questions for the gentleman on his testimony? Mr. Patnode, we appreciate your suggestions and recommendations. Pat Borge? Following Mr. Borge is Barbara Fernandez.

MR. BORGE: My name is Pat Borge. I run Makena Stables. I like to deal with horses and kind of ranch lifestyle, you might call it, but I'm here today because I thought we already had a thing to qualify agriculture land. When we were dealing with the TVRs and the B&Bs over the years, they came out with a plan where a, now they call it short-term rentals, but as far as I'm concerned, they're all hotels and they should be tax accordingly so this farmers don't have to be taxed. Why, I mean, there's all this money sitting there from the tourist industry and these people are ripping this County off with not paying their fair share of taxes. And I don't know why this Council always kick back and say, hey, no, we can't raise the taxes on this people. But, you know

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something, the quality of life for the local people are going down and the reason tourist come to Maui is because of the people. It's not 'cause our waterfalls and our beaches. It's because the people. We have aloha and that's what we show to the people but if you keep downgrading the local people, especially the farmers, the hardworking people of this island, the aloha is going to be gone. And, you guys, everybody say, oh, let's live aloha. How can you live aloha when I no can pay my bill? I mean, the tourist industry is a big money industry. I know people who have ag lands are doing luaus, they doing weddings. Where are all that money going? They're zoned Agriculture land. They not doing any agriculture on this land, you know, they got swimming pools and everything else. I mean, give these people a break. You know, it's a shame that the County are here today to talk about farmland and their taxes, you gonna raise their taxes or take their house or whatever. It's a shame, shame, shame, you know, because we shouldn't be in this predicament. When the Planning Department came before you and you guys said this is the way, if you want a TVR, a short-term rental, you have to do some ag. Guy comes in, he grows six papaya plants, you guys give him his permit. That's not fair. Let's be fair when you guys go to this, discuss this. And I'm sorry that I'm here today to, I mean, this is ridiculous, that these people gotta come here and beg you not to destroy their ag rates, you know. I mean, it's just, it's just ridiculous. Common sense, the people that running short-term rentals, B&Bs, are hotels, period. You can call it whatever you guys want but it's hotels and they should be taxed as a hotel. Thank you very much for your time.

CHAIR HOKAMA: Thank you, Mr. Borge. Questions for the gentleman? Okay, Barbara Fernandez, to be followed by John Wilson.

MS. FERNANDEZ: They say a picture is worth a thousand words. Just picked a few hours ago. Just picked a few hours ago. I'm Barbara Fernandez from Waiakoa, Kula and aloha, Chair Riki --

CHAIR HOKAMA: Aloha.

MS. FERNANDEZ: --and Councilmembers. We certainly are appreciating what you folks are doing. I have a personal story that I want to share a little bit about this is that we're three generations of farming on the land, started with cattle and now you can see it's this beautiful greenery, no GMO, no pesticide either. Anyway, we had to clear one of our waterlines that we kept cattle on 19 acres and all of a sudden I got an ag bill. I mean, I didn't get our ag bill, I got a regular bill. So I called the tax guy, this is a few years ago, and I said, hey, you know, what's up, this is just a short time? And he says, well, Barbara, I realize that but, you know, you have this bill. And I said...he says it's going to be non-ag. Then he says to me, oh, just stake a goat on the property, then you can get your ag back again. Of course, we appealed it and they realized what was going on so we got it back. So my point is is that we really need a qualified ag tax inspector. That would be a real plus. And, finally, Riki and Councilmembers, you know we barely get by, whether we're ranching or whether we're farmers. They always say that farmers is a step ahead of the devil and sometimes that's true. But you folks, you know our families, you know who we are. I see all my neighbors here, you know, we are getting old but we need to have the young people, you know, get back in and want to do ag and ranching. We never complain and we all go by the rules for

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generations again while the cheaters just seem to get away with it all the time. So you'll always find a rancher or a farmer, even on Christmas day, working while these other folks, they're calling 'em cheaters, are sitting in their house and watching their four trees growing and their goat staked out, which they probably have named the goat, ag. And so, please, don't defer this bill, you know, 'nough already. Let's just kill this bill because it's just been going on too long. You folks will probably be here for dinner, so enjoy. Mahalo.

CHAIR HOKAMA: Thank you, Barbara. Any questions for the lady on testimony? Any questions for the lady? Okay, thank you so much. We'll have Mr. John Wilson, to be followed by Simon Russell.

MR. WILSON: Good afternoon --

CHAIR HOKAMA: Good afternoon.

MR. WILSON: --Councilmembers and Chairman. I testified last year and basically I modified that slightly and I e-mailed each of you. I hope you have gotten it. I know two people have responded. But basically the difference between what I testified last year was to defer since you were talking about getting an ag working group involved and this year I'm going to suggest you kill it. Basically, why do away with ag use rates? They're used by 49 other states and part of Hawaii. Secondly, consider the Ag Working Group's recommendations for inspecting with proper ag-qualified assessors. And, thirdly, to repeat, is kill the bill. I want to do this in a short timeframe so that you could ask, either ask questions or get someone else up to speak.

CHAIR HOKAMA: Is that your testimony, Mr. Wilson?

MR. WILSON: Yeah, basically I'm saying kill the bill.

CHAIR HOKAMA: Okay.

MR. WILSON: Actually, you could also go ahead and hire the inspectors to get some return for the cost that they're going to provide but also include the conditions that the Ag Working Group has had on--what do you call it--deferments.

CHAIR HOKAMA: Okay, well we appreciate your testimony. Any questions for the gentleman, Members? Having none, thank you Mr. Wilson. Simon Russell, and following Mr. Russell is Alike Atay.

MR. RUSSELL: Aloha, Chairman Hokama, Honorable Councilmembers, thanks for hearing our testimony today. I'm testifying on the behalf of the Hawaii Farmers Union United, which is a state group of farmers, ranchers, fishermen, gardeners, foodies and generally people who love eating. We have over 1,000 members Statewide now, 500 of 'em are hosted here in Maui, just about 500. HFUU strongly, but respectfully, opposes BF-70 in its current form as it will make it more difficult for local farmers and agriculturist to survive in today's competitive and globalized economy. I'm going to just quote from this 'cause I'm representing the whole group so I gotta read it. We

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write to you on behalf of the HFUU Board in support of our three Maui Chapters, Hana Chapter, Haleakala Chapter and Mauna Kahalawai Chapter. With the closing of HC&S' sugar operations scheduled later this year, it is imperative that farmers and ranchers not be taxed out of business. We respectfully request that you not reevaluate the value of Maui's agriculture lands at market rate but at the value of what they can produce in this day as agriculture parcels. We understand reevaluation of the agriculture value of property within the Ag District has not been done in over 50 years. We respectfully also point to the Maui County Code, Chapter 19.30A.010 Part B, which states, the purpose and intent of the local law regulating the Ag District is to mitigate rising property values of farmlands to make agriculture use more economically feasible. And here's an aside, I actually called my mom right before this meeting just to remind myself of what happened to our family farm and as the value of the lands rose and the taxes went up, it became harder and harder for us to compete with mainland imports, eventually taxing us out of business and we bankrupted and she moved to the mainland and now I don't have my own farm anymore. We collectively feel as the Farmer's Union that taxing producers at market rates is diametrically opposed to that local law, Maui County Code, Chapter 19, the one I quoted from, as articulated in Maui County Code. We do strongly support dedication of agriculture lands for farming and ranching as that's what the spirit of our State Constitution and land use laws intend the Ag District to be used for. We do support residential portions of agriculture parcels to be taxed at market rates as we understand County needs revenue to serve the citizens. We support the concept of ag land use dedication for periods of 10 years or less. We cannot support the 20-year dedication spans. Many of Maui County's landowners in the Ag District will no longer be around then, after 20 years, they're getting old. We support enforcement of current land use ordinances and inspections by qualified farm inspectors and auditors. Moreover, we support a grace period to be determined in order for farmers to get their affairs in order should these qualified farm inspectors and auditors start to perform those types of duties. My time is up...oh, I have another 15 seconds. Okay, I'll conclude by saying, in order for our Agriculture District to create regional food systems and lasting food security, farmers need your support by making sure zoning ordinances are enforced within the district equally and without prejudice. I'm sure it's doable and with our current, when our current zoning ordinances are enforced, we'll have more tax dollars in County coffers and more farmers in Maui County. Thank you very much.

CHAIR HOKAMA: Thank you, Mr. Russell. Any questions for the gentleman on testimony, Members? Okay, thank you, Mr. Russell. Mr. Atay, Alika Atay, if you're here, if you would come forward please? And following Mr. Atay would be Phyllis Robinson. Alika Atay, please come forward. One last call for Alika Atay. Okay, thank you. Phyllis Robinson, please, next? Phyllis Robinson? One last call for Phyllis Robinson. Marie Janiszewski, I'm sorry if I mispronounced it, so if would please correct it for the record.

MS. JANISZEWSKI: Hi.

CHAIR HOKAMA: Hi.

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MS. JANISZEWSKI: My name is Marie Janiszewski.

CHAIR HOKAMA: I'm sorry. Thank you for that.

MS. JANISZEWSKI: You're welcome. Thank you all for being here, all of you, for taking responsibility for the future of our County. Oh, my notes. I grew up in Kihei and I went away to college and I came back with an intention of working the land and I'm so grateful to live on my hanai family's land right up the ahupuaa in Kamole, Kula area near Ulupalakua. And we're working towards a subsistence homestead and it's something that we care very deeply about. And so seeing this bill, I wanted to understand, you know, why are we putting through this bill that's going to make it so unfeasible for my hanai family to live there and so get me off the land too. And I was feeling a little bit like I shouldn't talk because I don't own the land but it does affect me and it affects the land that I live on. So I saw this as a strategy that you're using to increase revenues on the island. And to me, that points to a bigger issue, which is where is our money going and why do you need so much money here. This bill draws a lot of money, which is great, but it must mean that the money in our County is leaving our County, it's not staying here. And the only solution that I see and I believe in is sustainability within our County and for us to be able to provide for ourselves. So we can, here, grow all of our food, all year round and that's something we're working on on the land Upcountry. And we are working towards generating our own energy with the sun, the wind, the hydroelectric capacities that we have here. Hawaii is abundant with these capacities but the only way to do this is by empowering our farmers and directing our ag land responsibly. So I feel that BF-70 actively disempowers our farmers and the ag land that we have here and the open spaces and those who are fundamental to Maui County's economic sustainability and sustainability otherwise. So I, with my family in Ulupalakua, we work to practice subsistence living and sustainability on our land to see how it's possible small scale, just within ourselves, in order to see how it could grow potentially to the County level and even further. It would be beautiful to see, but we need that support from our Councilmembers to make this feasible. And I feel that BF-70 will make our individual effort at bettering our island's systemic issues ironically, financially, unfeasible. Thank you.

CHAIR HOKAMA: Thank you. Any questions for the lady on her testimony? We thank you for being here this evening. Members, we basically have done half of our requirements, so you can choose to power through or have a break. And if you guys want to catch up on a light dinner, to do so or power through.

COUNCILMEMBER BAISA: Dinner break.

CHAIR HOKAMA: But, yeah. So you need one hour, 6:30, okay? We return at 6:30?

COUNCILMEMBER VICTORINO: Yeah.

COUNCILMEMBER CRIVELLO: Okay.

COUNCILMEMBER BAISA: Yeah, perfect.

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CHAIR HOKAMA: Okay.

COUNCILMEMBER VICTORINO: Okay, that's fine.

COUNCILMEMBER BAISA: Oh, why don't we go to 5:30 and then 6:30.

CHAIR HOKAMA: Six-thirty.

UNIDENTIFIED SPEAKER (from the audience): Nobody can stay for that long. We have families at home.

CHAIR HOKAMA: I'm hearing the public and I know what you're saying and that's why we take into account also our Staff needs some breaks and I need to ask the Members 'cause we were unsure of how many testifiers, but we have over, we have 70, I believe, and so I wanna make sure that we finish testimony. Or, if not, we're not going to get to the next phase of even talking about the bill. So ...

UNIDENTIFIED SPEAKER (from the audience): Are you closing testimony?

UNIDENTIFIED SPEAKER (from the audience): How about another day?

COUNCILMEMBER GUZMAN: Chair? Chair?

CHAIR HOKAMA: Yes, Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. I guess my question would be, if you are intending to go through all the testimony, you would then recess for another meeting --

CHAIR HOKAMA: That is correct.

COUNCILMEMBER GUZMAN: --to complete the discussion?

CHAIR HOKAMA: That is correct.

COUNCILMEMBER GUZMAN: Okay.

CHAIR HOKAMA: But I want everybody who has, chooses to give testimony to be able to present it today.

COUNCILMEMBER BAISA: Chair?

CHAIR HOKAMA: Ms. Baisa?

COUNCILMEMBER BAISA: Chair, I'm very comfortable with at least going on to 6:00 without a break and then maybe after that if we just can't handle it, and I'm willing to do the rest of this on another day but I am worried about the people that are here 'cause ...

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CHAIR HOKAMA: No, we need to take that into --

COUNCILMEMBER BAISA: Yeah.

CHAIR HOKAMA: --consideration.

COUNCILMEMBER BAISA: Thank you.

CHAIR HOKAMA: Definitely.

COUNCILMEMBER GUZMAN: Chair? Yeah, I'd be willing to go, power through it right now.

CHAIR HOKAMA: Staff, you need a break now, and then...you guys are okay at this point?
Okay, we will continue.

COUNCILMEMBER VICTORINO: No, that's fine, Mr. Chair.

CHAIR HOKAMA: Okay, that is fine. We'll ask Kalani Ho-Nikaido to come forward please,
and following Mr. [sic] Ho-Nikaido will be Mae Nakahata.

MS. HO-NIKAIDO: Hi.

CHAIR HOKAMA: Hi.

MS. HO-NIKAIDO: I'm so glad you decided to continue. I had to bring my recruits with me.

CHAIR HOKAMA: That's fine.

MS. HO-NIKAIDO: Okay. Hi, aloha, good evening --

CHAIR HOKAMA: Hi.

MS. HO-NIKAIDO: --Chair and Committee members. My name is Kalani Ho-Nikaido. My husband and I have an ag support, farm support services company and then we also have an ag farm. Yes, hang on. We, I was here before this body last year when BF-70 was, we had just taken over my mom's ag farm. We're so excited to say that we made our one year anniversary and we're, you know, last you we told you we were planning on going all in. We've certainly held true to that. We have increased our production. We're going down this big, huge rabbit hole. We love it for the kids. We've added two full-time positions with plans to continue to grow our operation. And these two are really, really good workers. So we have a small commercial farm on leased land in Launiupoko. The way that the BF-70 is currently drafted will have a very negative impact on our plans and other agricultural operations on Maui. At a time when there's such a big question about what's happening with ag, HC&S, 600 ag-related jobs are being eliminated. This is a really, really scary time to be moving forward with something like this. This is definitely an anti-ag bill. I've been a landowners' rep trying to place farmers on land as well as being a farmer trying to lease lands. BF-70

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will greatly reduce the availability of land for farmers. Very few landowners will dedicate their land for the time period, the 5, 10, 15, 20, they're just not going to do it. To give you a point of reference, where we have our farm, it's been a month-to-month handshake deal for seven years before they felt comfortable enough to give us a multi-year lease. And even that can be cancelable within six months' notice. The current ag use exemption program works. We need to invest and dedicate money to have inspectors to validate the real farms and make adjustments on the properties that aren't farming. I'm confident that this program would quickly and very easily pay for itself, and it would even incentivize landowners to look for other farmers. I agree 100 percent with the intent of it. I think that people need to be paying their real, their pro rata, their share of their real property taxes. And then one big point in there is that, just because a property is a condo regime doesn't mean that it should automatically be disqualified. Our property--okay we're done.

CHAIR HOKAMA: You're okay, you're okay, you're okay.

MS. HO-NIKAIDO: Okay, sorry. Our property is condo'd, 15 acres, there's no house on the property, we farm the whole thing. That's a really specific thing that needs to be visited if this moves forward. You know, we're investing in ag, we feel very strongly about it. It's important for our kids, for what's happening on Maui. We're putting our money where our mouth is and we're definitely going all in. I urge you to kill this bill and go back and make the existing program work. Thank you for your time.

CHAIR HOKAMA: Thank you. Any questions for the lady? Thank you for being here, along with your reinforcements.

MS. HO-NIKAIDO: Thank you for continuing. Thank you.

CHAIR HOKAMA: Mae Nakahata, and she will be followed by Warren Watanabe.

MS. NAKAHATA: Good afternoon, Chair Hokama and members of the Council. My name is Mae Nakahata and I will be testifying on behalf of Alexander & Baldwin and its member company, HC&S. After over 140 years of continuous sugar production, our world changed on January 6th. While we all knew there was uncertainty associated with our green central valley, it became a reality overnight. In the same way, the way we view BF-70 has changed. While in production of consecutive plantings of crops with limited periods of fallow, these conditions were taken for granted. Today it is no more. The definition of substantial and continuous agricultural use and the time allowed for conversion to an alternative use is of concern. In 2010, A&B designated 27,000 acres of HC&S' important agricultural lands. That's the Act 183 you heard earlier. This was not taken, this was not done very lightly as it will take two-thirds vote of each house of the Legislature to redesignate these lands. In other words, it can be viewed as a super dedication to ag. While there is large uncertainty of what is to become of our lands, we have a vision and the vision is ag. We see biofuel crops that could provide electricity or transportation fuel to support the State's renewal energy goals, irrigated pastures for local ranchers, food crops, and an evaluation of crops new to Hawaii and an agricultural park open to local community farmers. We are building an implementation plan of this vision based on what has happened across the State as

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the closure of other plantation occurred. They hope that all will be well but failures abounded. A friend told me a story of how a displaced sugar worker provided land by the plantation grew a beautiful crop of green onions but he could not market his one acre of crop and that was one acre. Here we're talking about thousands of acres. Before I joined HC&S, my last task at the other company I worked for was to develop an alternative crop for those lands and we looked at ginger and dry land taro and even then marketing was difficult. So we know we had to be very careful. We're working aggressively with other farmers, with other, understanding the marketplace before we move forward. So we know we need to maintain our lands, maintain them so that we don't have horrendous overgrowth of weeds and so, of invasive species, as well as maintaining the infrastructure but all of this takes time. So that is our major concern right now with the way BF-70 is written and you have our written testimony with other concerns. Thank you.

CHAIR HOKAMA: Thank you, Ms. Nakahata. Members, any questions for the lady? Having none, thank you very much for your testimony. Mr. Watanabe, and following him will be Lynn McCrory.

MR. WATANABE: Aloha, Chair Hokama, members of the Committee. I'm Warren Watanabe, Executive Director of the Maui County Farm Bureau, and you have copies of our written testimony. The current ordinance recognizes agricultural use valuation regardless of dedication. The new language makes it clear that even if lands are in obvious commercial agricultural use, dedication is required to qualify for agriculture valuation. While MCFB totally supports dedication, it should not come at expense of an erosion in agricultural activity. Active agriculture must be the priority and this is a time in which a policy decision must be made by the Council. The priorities identified in the Maui Island Plan must be preserved. We need to ensure that tax policies do not indirectly cause an erosion of these principles. Studies across the country have shown that utilizing fair market value as a basis of taxation results in the erosion of agriculture activity. Preferential treatment of ag lands has always been viewed as an incentive to encourage farming and ranching. Farmland near the urban fringe tends to jump in value while the producer's income does not keep pace with the increased values. Tax rates, even with discounts, directly associated with jumps in value can encourage conversion of farmlands to other uses and associated reluctance to dedicate due to increased cost. The current proposal recognizes ag valuation yet the new section, 3.48.351 totally ignores this and utilizes fair market value as the basis for tax calculations. This inconsistency must be resolved. MCFB supports ag valuation. Maui County Farm Bureau has had a discussion with Chair Scott Enright of the Hawaii Department of Agriculture. He is willing to work with NASS to provide a reference ag valuation document to the County on a timely basis. Unusable or unsuitable land for agriculture use, former section 3.48.330 has been repealed with the term added in the definition section; however, the tax policy as stated in the former section was not included in the definition. Using percent of fair market value does not allow for differential assessments based on land use. There are many details required with an ag plan, obviously to differentiate a real farm from fake farms. Instead, the submittal of an approved SWCD conservation plan could serve this purpose. The directors of the SWCD will know whether the farm is commercial or not. All commercial farmers must have a commercial plan...conservation plan. This

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requirement will better fulfill various needs in the County, including conservation planning with MS4 and streamlining this process. The SWCD already has a working relationship with County departments. It is often said that only agriculture can be done on ag land. By utilizing fair market valuation, the County will send a message that these lands can be used for other purposes. We do not believe this is the intent of the Council. Maui County Farm Bureau is willing to continue to work with the Council as Maui's agriculture is in transition and they were not taken into account when drafting this measure. We respectfully request a reconsideration of this measure. Thank you.

CHAIR HOKAMA: Thank you, Mr. Watanabe. Any questions for the gentleman? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair, and thank you, Mr. Watanabe, for being here. In the bill, it states, Maui County Farm Bureau to be the main committee in selecting members and, you know, vetting through this process of the Agriculture Dedication Advisory Committee. Are you open for other entities to be a part of that discussion?

MR. WATANABE: Yes, we are.

COUNCILMEMBER COCHRAN: That committee? Oh, okay.

MR. WATANABE: Yes, we are.

COUNCILMEMBER COCHRAN: 'Cause it just states you folks --

MR. WATANABE: Right.

COUNCILMEMBER COCHRAN: --so I just thought --

MR. WATANABE: Right.

COUNCILMEMBER COCHRAN: --maybe a little broader participation. Okay. Well, very good. Thank you, Chair. Thank you, Mr. Watanabe.

CHAIR HOKAMA: Any other questions for the gentleman? Having none, thank you very much for --

MR. WATANABE: Thank you.

CHAIR HOKAMA: --your presence. Lynn McCrory, to be followed by William Spencer [sic].

MS. MCCRORY: Good evening, Chair Hokama and members of the Council. I am Lynn McCrory and I am the Senior Vice-President of Pulama Lanai. Pulama Lanai is the management company that Larry Ellison formed for the island of Lanai. I'm also the Lanai representative on the Molokai-Lanai Soil and Water Conservation District. Pulama Lanai has as one of its sustainability fundamentals is to produce the food

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needed for the island, from the island. I think everyone knows that pineapple once was the crop on Lanai and failed. So we are looking at working together with the Lanai community on how we can get farmers onto the land and work towards additional leases on our land. We currently have 6 leases and we're working on 4 more but these are on a very large lot. This is a 16,000-acre lot. So as we start looking at this and realizing that these lots are not separate lots of record and we start reading how do we encompass the majority of the acreage as the owner but how do we still at the same time give the leases to people so they have a certainty and that they could dedicate the land to what they want to grow on it and when they want to grow it, we're confused. We cannot see clearly the way that we can explain to the leaseholders or potential leaseholders what this bill will mean to them. So we're at the beginning of everything and almost everyone I've heard here has been here for generations. We're not. We're trying to get that moving forward and what we can see from the bill is that the difference in what is currently paid for real property taxes and what they would pay if this bill is passed is substantial. We're not sure that we can get farmers to take the risk and go in and pay that difference and have a successful farm or even to get them to start. So we would ask that you take the time to provide further clarity into this bill, whether you start over or you listen to the Ag Working Group that had comments, that would be our suggestion. And I thank you for your time.

CHAIR HOKAMA: Thank you, Ms. McCrory. Any questions for the lady, Members? Thank you for your presence and your comments. William Spencer [sic], to be followed by Harriet Agena Taniguchi. Mr. Carroll, you need a recess, sir? Okay, we're gonna take a five-minute recess. . . .(gavel). . .

RECESS: 5:25 p.m.
RECONVENE: 5:32 p.m.

CHAIR HOKAMA: . . .(gavel). . . We shall bring this meeting back to order. Okay, we still have a good amount of people wishing to share testimony. So if we can continue, then everyone can try and make their requirements sooner than later. Currently up is William Spencer [sic] and following Mr. Spencer [sic] will be again Harriet Agena Taniguchi. Director, welcome.

MR. SPENCE: Mr. Chairman, aloha. Aloha, Members. My name is William Spence. I am speaking on my own behalf this evening. God, I thought I got here early enough to sign up and be closer to the front but a very important subject. I see the need to reevaluate some people's dedications. At one time had spent some time with Chair White and looked at some real property tax assessments and stuff and I see there's great disparity in some of the assessments. I look at this bill, however, and, you know, I poke around on that website too. I know there are properties, I know properties that are getting discounts that should not. And so there needs to be a fairer way, I recognize that. I have basically two comments on this bill. First off, Mr. Bonar commented something about agriculture doesn't necessarily need to be commercial. I think about subsistence, east end of Molokai, it's a big deal over there providing for one's self. I know there's ranchers out in Haiku, they grow cattle to feed their families, you know, for ice box. They're not, nobody's making money on this but it is genuine agriculture. I think that's something this bill should really look at and

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recognize as a valuable part of our agricultural activity in this County. Specific to the bill, I can't tell you a whole lot about agriculture. There's plenty of people here who know lots more about it than I do but what I can tell you about is regulation and committees and what happens when you create laws that start regulating certain activities and, you know, being Director, we have eight committees, it gets very cumbersome. And I guarantee if we start regulating this kind of activity--and you've heard lots of testimony about the flexibility to grow different things and what not--we're going to leave people behind. There are small property owners. I'm very concerned. They're going to, the taxes are not going, they're not going to be able to dedicate, the taxes are going to force them to sell. I think an unintended consequence of this bill is going to be, we're going to see more ag subdivisions because families will have to sell. So with that, Mr. Chairman, some things, I think, need to be made simpler if we support them, not add additional regulation just to catch the cheaters. The cheaters will always be there. The real farmers, they need the support. They should have the flexibility.

CHAIR HOKAMA: Thank you, Mr. Spence. Any questions for Mr. Spence on his testimony? We'll ask Ms. Agena Taniguchi, and following her will be William Jacintho.

MS. AGENA TANIGUCHI: Good afternoon, Chairperson --

CHAIR HOKAMA: Good afternoon.

MS. AGENA TANIGUCHI: --as well as Councilmembers. I'm Harriet Agena Taniguchi from Kula. First of all, I vehemently oppose BF-70, support everything that the Agricultural Work Group has forwarded to you, and I think as citizens of the community you should really take those issues that they've presented into consideration. I'd like to share a little bit of personal information because I think this is very critical to your deliberations. My father came from Okinawa when he was 15 years old. He came to Lahaina, worked in the sugar plantations there and then came and worked for HC&S and he talked about--there was a gentleman said that he worked for 25 dollars, I mean 25 cents a day. My dad talked about working for 50 cents a day. He worked hard with my brothers, my six brothers, my sister and I. We worked the farm. We didn't have Saturdays or Sundays off, okay, we worked on the farm. He was able then to purchase two acres initially and then through all of our hard work, he was eventually able to purchase more property. If this should pass, I don't know what's going to happen to the Agena farms because we may have to sell or somehow make due. But there are two basic questions that I would like to have answered and you don't have to answer it right now, is that if this is a State mandate to maintain agricultural law or agricultural properties then why is this being proposed? The second, there was an example presented on the slides about the disparity of these two properties. I mean, if that's the case, why isn't that taken care of right away? Don't you have the policy and laws in place that you could take care of it? So I don't quite understand, you know, those examples in terms of, I know there's disparities but you have all of the tools in place to correct those disparities. So, again, in conclusion, I'd like to voice my position in opposing BF-70 and really try to maintain the agricultural status of Kula. Our family has been up there for over 80 years, farming upper Kula, lower Kula, now we're on Naele Road. So, again, I urge you to defeat this bill. It was mentioned there's a bill

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by Councilmember Victorino. I've not seen it but everyone seems to think that that's an appropriate one. So maybe that's a consideration. Thank you very much for the time and allowing me to testify today. Thank you.

CHAIR HOKAMA: Thank you. Any questions for the lady, Members? Having none, thank you for your comments this evening. William Jacintho, followed by Yuki Lei Sugimura.

MR. JACINTHO: Aloha, Maui County Councilmembers. Thank you for your patience with the Maui ag industry during the deferral period of the proposed BF-70 homesite bill. I'm William Jacintho, President of the Maui Cattlemen's Association and this is my seventh time up here testifying and providing language for this BF-70. Having said that, all six times the Council has been supportive of the concerns we've brought forward and voted this bill down because of its hurtful language to agriculture. Councilmembers, before you is basically the same bill, that if passed, written today, will destroy farmers in Maui County. I ask, again, in good faith, you vote this bill down and oppose it for the seventh time. I'm not going to go further because whatever I have to say has been said by everybody and just ask that you respect that and in representing them and give the rest of the time to other people so you can, you wanted to plow through this. Thank you.

CHAIR HOKAMA: Thank you. Members, any questions for the gentleman? Having none, thank you, again, for being here. Ms. Sugimura, to be followed by Jeffrey Parker.

MS. SUGIMURA: I guess it's good evening everyone. My name is Yuki Lei Sugimura. Chair Hokama and Members, thank you very much for extending your meeting so that we could all have a little bit of opinion and word regarding BF-70. I'm here today to talk about maybe some unintended consequences that this bill presents and I was prompted to come before you because this morning I attended--and you can see by my button--AARP meeting and in the audience was Sam Fevela, he's a ag man, Upcountry, he's retired, I love him, he's the President of Maui Korean War Veterans and we started talking on the table and he was saying, ho the Council's going to hear this bill today about trying to tax my land and he was going on and on. And he says, he made this one statement, I said, oh, I gotta tell you guys this. So, Sam said that this bill, although may be a good bill, he said, what it's gonna do is take us senior citizens and make us homeless. It just broke my heart, you know. So he says another unintended consequence of just life and difficulties, he says that he has a house on his ag lot and he has an adjacent property and that adjacent property, he said, for years--and you can tell how long--he said he came before the Council when Wayne Nishiki was a Councilmember to talk about water and agriculture and he says till this day I still do not have a water meter for that second lot. So the County would like him to do ag, you know, agriculture but he says he has no water unless if he hauls it in. So the difficulties of that but I do want to say that this might be some unintended consequences that I want you to maybe feel for people like Sam Fevela and other senior citizens who may be affected by this too. Thank you.

CHAIR HOKAMA: Thank you. Any questions for the lady? I glad that Ms. Sugimura brought it up and for the Committee members that are here, this County has what we call the

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Circuit Breaker. It might not be greatest term but it is a tool already in existence that we passed during the so-called max tax period of time in, 30, 40 years ago, which means that the County will take your adjusted gross income and you will not pay more than the 3 percent of the AGI as part of your taxes for your property and that was the County's way of ensuring that you do not get taxed out of your home under homeowners. You have that annual request that you can put forward and apply that through the Real Property Tax, Department of Finance, and then you'll receive that Circuit Breaker total that the County cannot go over that amount regarding your property taxes. So please, if you have a concern of the current amount, contact the Department and Division and inquire about the Circuit Breaker program. It is in current existence for all homeowner property taxpayers. Next is Jeffrey Parker, if you're here, followed by Jane Grover.

MR. PARKER: Chairman Hokama, Council, thanks for sticking with this. I believe that you do support agriculture too. I'm the President of the Tropical Orchid Farm, Incorporated and a member of Hui O Mokupapa, LLC, that's a diversified ag project on a State lease land. I've been a member of the Farm Bureau for 25 years. I, too, think that the abusers of the ag use value system should be stopped but this bill will harm struggling small farmers and likely put many out of business. As written, it is a destructive bill. BF-70 is in direct conflict with numerous goals and objectives of the General Plan, the Maui Island Plan, the Countywide Policy Plan and the State Constitution. I have included a list of some of those objectives and goals at the end of my longer testimony but just two quick examples. Under Objective No. 2 of the Countywide Policy Plan, you are directed to support ordinances, programs and policies that keep agricultural land and water available and affordable to farmers and under provision F, you are to continue to support tax incentives for ongoing agricultural activities. Under the policy section in the Maui General Plan, you are directed to D, provide incentives to help the small farmer maintain a viable farm operation and E, continue to support tax incentives for ongoing agricultural activities. Now the dedication process, I, it doesn't really work for me. I'm getting old, my property is my only asset that I have. If I should get sick or need to go to assisted-care living, I need the equity in my property to be liquid. I don't think it helps farmers at all but if you're going to have it, it should be redone and made more equitable. Those percentages are very misleading. When you do the math, you're skyrocketing. I've already done the math for my own situation. Now, to me, the real and meaningful dedication is the dedication I have shown by keeping my property in income-producing agriculture since 1976, through thick and thin, never building rental units or spec houses or attempting subdivision, and without the benefit of any County services. We have no County water, no County sewage, the police and fire can't get to the property. It doesn't make sense to tax us at the same rate as those that are putting a maximum load on County services. Now, I did come down here before and point out what I think is a real problem with State leases in this bill and you seemed interested and took notes but nothing has changed, it's still in the bill. Can I keep going for just a second, it's kind of important?

CHAIR HOKAMA: Just, yeah, if you can wrap it up, Mr. Parker, please?

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MR. PARKER: Yeah, I can. So the State leases, it's State land, you're not allowed to build a house or develop it in any way or run commercial activities and it's already in agriculture and you can't change it. I don't see why our taxes should go up for the State when we're not gentleman farmers, it won't do anything to stop gentleman farmers. So, finally, I want to add, it is the obligation of this Budget Committee, under my view, to commission a cost benefit study to discover the cost of implementing and enforcing this new proposed regime and compare those costs to the, to a plan of other alternatives, such as training and hiring skilled ag inspectors. To pass BF-70 without such a study first, I think would be irresponsible. Thank you.

CHAIR HOKAMA: Thank you. Any questions for the gentleman on testimony?

MR. PARKER: I have nine copies only of the longer testimony, can I give them to the clerk?

CHAIR HOKAMA: Sure, thank you.

MR. PARKER: Thank you.

CHAIR HOKAMA: Jane Grover, please? And following Ms. Grover will be Brad Grover. Jane Grover? One last call for Jane Grover. Brad Grover, are you present? One last call for Brad Grover. Gerry Ross? And following Mr. Ross will be Rose Marie Medeiros.

MR. ROSS: Aloha, Councilors, Chair Hokama, my name is Gerry Ross of Kupaa Farms in Kula and our family's been growing food for people on Maui for 38 years. I submitted a full version of my testimony --

CHAIR HOKAMA: Yes.

MR. ROSS: --and those of you who get *The Maui News* will have read about my opinions on things in the Viewpoint last Thursday. Since humans first landed here in Hawaii, agriculture has been essential part of our life and it's embodied in our State Constitution and I'll quote, "The State shall conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands." As Mr. Parker pointed out, this current bill contravenes a lot of that and that's got a lot of us concerned. We really need to see retention of the ag use value and abandoning the idea of moving to market value. It's going to have a negative impact on a lot of us and particularly our bottom line. I really can't support the bill as it's currently written. I'm a part of the Ag Working Group. We provided you a lot of alternatives and hopefully you'll take note of some of those, hopefully all of 'em. BF-70 states that bona fide ag people can avoid some of the pain of the change to the market value assessment by dedication. Only the 20-year dedication, at 98 percent reduction of market value, will get us close to what we currently pay in taxes but we would have to farm until we're 80. I just hit 60, so we would have to farm until we're 80. The demography of a lot of farmers on Maui, Lanai, and Molokai, is such that we're all in the same boat. We're getting a little older and dedicating for 20 years could be a problem. Additionally, BF-70 does away with the option to dedicate on condominiumized property and my mother-in-law recently

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condominiumized our farm so that all the kids would have a little bit of her estate. And she did that rather than a subdivision, which is more expensive and time consuming, but now, even if we could dedicate, or even, we're not allowed to dedicate with the condominiumization of our property. Nothing has changed. We're still growing food for people. We haven't built anything different. We really need to get people out there who have the eyes to see all this and I think you need to remove that condominiumization thing. So, in the 30 seconds that's left here, I have a really simply solution for you, we've given it to you before. I really like the idea of preserving ag land, of making agriculture available for our young and upcoming farmers. I teach classes to people on sustainable agriculture. They're not going to have a chance to farm. The, update the ag values, people have already said, they're 50 years out of date. Updating those will give you 100...\$1.2 million annual revenue. You could hire a couple of well-qualified inspectors who would get out and clear up this whole mess, provide you with a lot of additional income from those people that are cheating the system, but would still protect those of us that are growing food for people here on Maui. Thank you.

CHAIR HOKAMA: Thank you, Mr. Ross. Questions for the gentleman? Any questions for the gentleman? Mr. Ross, thank you for your testimony this evening. Rose Marie Medeiros, if you're here? Rose Marie Medeiros, if you're here? Okay, George Helland? George, are you here? George Helland, H-E-L-L-A-N-D?

UNIDENTIFIED SPEAKER: He left, Chair.

CHAIR HOKAMA: Okay, thank you. M.J. Partin, and he will be followed by Rebecca Russell.

MR. PARTIN: Good afternoon, excuse me, evening.

CHAIR HOKAMA: Good evening.

MR. PARTIN: And thank you, Mr. Chairman, Maui County Council and Committee members. My name is Michael John Partin, most people who know me know me as M.J. Mr. Chair, I know you said, don't address the crowd but I would like to apologize to all the well thought out, well-spoken testimonies but here goes my knee-jerk reaction that I just wrote this morning. I farmed coffee in lower Kula for 11 years, 680 trees on 2 acres. Now that is only 2 of 57 acres I own under the same TMK. Nonetheless, this is more work than 1 person can do but paying helpers \$15 per hour, which is not a living wage on this island, was more than I could afford. Wages for workers, insurance, water and taxes, just to name a few, make farming on Maui very difficult. Approximately seven years ago, I was told I needed to do a proper paperwork to keep my ag water rates and my ag property tax rates. Approximately 4 years ago, I was told that I needed to do this every 3 years. Failing to do so, my property taxes went from 3,300 a year to 18,000 a year. I'm not worried about this happening 'cause this already happened per, under the guise of market value. Asking for a reassessment, I went before the Department of Finance and was able to reduce my taxes to \$14,400 a year. That's \$1,200 per month. This is equal to the average rental unit on Maui. So this looks to me like I have to rent the land I own from the County of Maui. Now this bill wants to raise taxes more and make farming even more difficult. Fair market

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value for ag land is comparing apples to oranges. If you're going to assess for market value, then my land would have to be rezoned to be able to chop it up and develop or is this the intention of the County to begin with? I don't want to see Maui turn into Oahu any more than the majority of the people here. Ag land isn't anywhere near as valuable as the buyers, to buyers, as developable land is. Please make developing land taxes higher to discourage development and please reduce ag land taxes to make farming more viable. I would like to thank you, Mr. Chair, for allowing so many people to go past the red light and I will end my testimony.

CHAIR HOKAMA: Thank you, Mr. Partin. Members, any questions for the gentleman on his testimony this evening? We thank you for your patience and your presence. Ms. Rebecca Russell, if you're here, you're next, to be followed by Licia Sakamoto. Rebecca Russell? Licia Sakamoto? And following her will be Bernice Lu.

MS. SAKAMOTO: Good evening.

CHAIR HOKAMA: Hi.

MS. SAKAMOTO: I was ready to go home but I felt like I had to represent my generation. Aloha, my name is Licia Sakamoto. I am a fourth generation farmer here on Maui. My great-grandparents had a pig farm in Kula, my grandparents, a mango farm in Kihei, my parents a persimmon farm in Kula and I raise goats and pigs, along with recently inheriting the persimmon farm. Out of the four generations, my great-grandparents were the only ones able to make a living off of farming alone. The rest of us had to get full-time jobs to support our families and do the farming when we got home after work and on weekends. So why do we do it? Last year my father got sick, I had twins, we had to hire someone to help us work the land. That ended up costing more than we made. So why do we do it? Believe you me, it's not for the money as we barely come out ahead. It's because people enjoy our fruit and our animals. As most farmers will tell you, it's hard work and most people aren't willing to put in long hours and backbreaking work anymore. So on that fact alone, the fact that we all need to eat, we should be supporting farming to sustain getting fresh, local food and any increase would hurt us. When I first heard about this bill, I thought it was a joke. Who in their right mind would hurt local farmers? Then I heard it was an attempt to target gentleman farming. I got a bad feeling in my gut. To me, it feels like a wolf disguised in sheep's clothing. There are many more ways to tackle that problem than making everyone suffer for a few's dishonesty. The sad part is, if this bill passes, those gentleman farmers will probably be the only ones able to afford to keep their land, there go the locals. The first thing my neighbor said was, forget all this hard work, if this passes, we're selling the farm and moving to a condo on Oahu. So I ask you this, does this boil down to greed and money in a time when the rest of the world is seeing the importance of moving forward towards self-sustainability due to the poisoning and modifying of our foods, uncertainty of our climate, so many factors that could drastically affect the health and wellbeing of future generations? Why on Earth would we introduce such a preposterous bill that would only hurt our precious island, its thankless hardworking farmers and essentially shooting future generations' ability to thrive here, in the foot? Thank you.

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CHAIR HOKAMA: Thank you. Any questions for the lady? Members, any questions for the lady on testimony? Okay, thank you very much for your comments. Bernice Lu, and she will be followed by Eve Hogan.

MS. LU: I'm Bernice Lu and, you know, other than having served a stint on the Maui Planning Commission, I really have not paid any attention to some of these things that have happened. And I am shocked to see that there were so many people who were aware of this but there are a lot of people who are not aware of this bill. And so I think that people who own Agriculturally zoned land here on Maui are not aware of how your new proposed bill will affect them until they get their tax bill. By then, the bill would have been passed and the County tax department will say, gotcha. Your bill is so full of requirements. A landowner can barely understand what is going on. I know a landowner who leases land to some farmers. It started out some 75 years ago when his father leased the land to their father. Everything was done on a handshake basis and continues to this day. Now you are requiring, among ten other things, that this owner record a lease for the term of the dedication, specify the area to be designated for a specific ag use, provide evidence of that specific use, provide evidence that the dedicated area will produce farm income, show a tax return of \$2,500, submit for approval to change to a different ag activity, you will get them with your 16-page fine print. Many...having lived in Kula for 50 years, our friends and neighbors are and were farmers and ranchers. Some dear friends were grubbing the dirt, pig farmers and vegetable farmers. Over the course of 50 years, some of these people have died or have become too old to farm. The families of these people are not wealthy people, they just inherited the land. I know a spouse who inherited the farm but isn't able to farm like her husband did. The County is jacking up her assessment every year. Tough they said, look at your neighbor, they're farming intensely. Many of these people tell me that if they cannot afford the taxes, they will have to sell. Sell to who? Being a real estate broker, I can tell you that it will be to the highest bidder. Maui is an international place where there is an incredible amount of wealthy people who come here. Yes, these people come to buy, they won't farm on such expensive land. Your typical buyer will be the Silicon Valley retiree or the Oprahs of the world. So, yes, you will be able to generate revenue with their higher taxes. Is this your goal, to have more wealthy people buy up the land? You talk about unintended consequences. Yes, with this bill, you will change the face of Maui. Your quest to generate revenue is now aimed at those who you may consider gentleman farmers. Trapped in this definition are the poor local people who can barely afford to keep their land. Trapped too is the backyard farmer who sells a few pigs or goats on a cash basis. I ask you to consider the value of the open space of these, that these ag lands provide. This is part of the beauty of Maui. Whenever we have a large parcel of land to sell, one of the first question is, can I subdivide it? Nobody says I'm going to farm it. You call this an attempt at parity for agricultural use. Having sat on the Tax Review Board for the last five years, I call this revenue building. Now that the newcomers have hastened the demise of HC&S, you should be generating so much more taxes. I ask that you consider the local people and the long-term consequences of your intended action.

CHAIR HOKAMA: Thank you. Any questions for the lady? Thank you very much, Ms. Lu. Eve Hogan, and she will followed by Ernest Rezens

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MS. HOGAN: Hi, my name is Eve Hogan. I'm the owner of the Sacred Garden in Makawao and a member of the Ag Working Group and I'd like to ask those who are still here of the Ag Working Group to please raise your hand or stand up so everybody knows who you are. Look around, you guys, they're here and they're still here after all these hours, thank you. I bring this up because my talk is about time. Last year at this time, you asked us, Mr. Hokama, to review BF-70 and present our findings. And you asked us not to do it on an emotional plea. You said do it on facts and figures and we took that to heart. We went back and we met--and this is a burn out, is it not, we've been here for four hours? The Ag Working Group does this burn out on BF-70 every two weeks. We sit there for three to four hours and discuss this bill. We've read everything there is to read, every code, every tax law. We've consulted with experts. We have analyzed taxes 'til it's coming out of our eyeballs, or other areas if you ask Brendan. It's been just been absolutely a burnout and yet we come and we do this and we present that to you, we send it to you and we're not even asked to present our findings to this group and most of you don't even know that you got it. Now I understand that's a time issue for you as well but, for me, this whole day today, with all these hundreds of people represents thousands of dollars lost to these people, not only in the tax rate but the money we lost not working today. And when you look at that, it's just, it's heartbreaking to me to see that we've done all this work as the Ag Working Group to represent these people so that they didn't have to do this and spend all your time in testimony today because we did that work for you already. We did that work for them and nobody even had the time to read it. So I'm sorry I'm so impassioned but I feel like this is a critical issue that you guys not do your decisions on emotions, even though I'm quite emotional at the moment, but you do it on informed conviction over what's right and what's fair, and I mean informed 'cause we have done the homework for you. Please, kill this bill. Thank you.

CHAIR HOKAMA: Thank you. Any questions for the lady on her testimony, Members? Thank you so much, Ms. Hogan. Ernest Rezens, and following Mr. Rezens is Kathy King.

MR. REZENTS: It's good evening --

CHAIR HOKAMA: Good evening.

MR. REZENTS: --not good afternoon. Thank you for being so patient. We have an 8-acre gulch in Haiku. My grandfather raised cattle since about 1917, that's about 100 years now. We bought the property from my cousins to keep it in the family. Unfortunately, there are 5 lots in that 8-acre gulch and presently we pay \$250 per lot, which is about 1,250 per year in taxes. Now, we raise cattle and because cattle are being sent to the mainland to go to feed lots, wean outs are very expensive. I bought 3 wean outs, each one costing me \$1,000. So at \$3,000 for 3 but now we have 2 bigger ones, they're ready to go, so they'll go; however, now if you go with what you're proposing that I have to have \$5,000 profit per acre times 8 acres, means \$40,000 per year, that is ridiculous, utterly ridiculous. I never saw anything like this. To me, I can go with the present rate that you're taxing people and if you need to have more income, quirk it up a bit, \$50, maybe more per lot but not this \$5,000 per acre per year, that is too much. So I feel this is a gross injustice and that'll cause people like myself to leave

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agriculture and just sell the property and let people build fancy houses and enjoy the beautiful property that we have in Haiku. That's all I have to say. I would vote this thing down right away. Thank you very much for being patient and for waiting this long. I normally speak on trees --

CHAIR HOKAMA: Thank you, Mr. Rezents.

MR. REZENTS: --today is property.

CHAIR HOKAMA: Any questions for the gentleman on his testimony? We thank you for your --

MR. REZENTS: Thank you very much.

CHAIR HOKAMA: --testimony. Kathy King? Following her will be Pua Canto.

MS. KING: Good afternoon. My name is Kathy King. I am the State Statistician for the Hawaii Field Office of USDA NASS. I was approached last year by the Ag Working Group to see if I could come up with a way to define a farm, especially those who don't have sales. So we were talking about...I hear that there're already values set for pasture, for livestock but diversified crops was something that they said that they thought we needed. So I went back to my office and I put together numbers, like us statisticians do, and I have come up with a definition of farm. So according to the US Congress in 1974, a farm is defined as a part of land that has \$1,000 in sales or would normally have \$1,000 in sales. USDA NASS conducts a survey in June that is aerial-photograph based. So we go and we talk to everybody that's located in that aerial photo. If they find a farm that does not have sales, the enumerator will value the commodities that they do have. So, for example, if they have a cow, a cow counts for about 800 points, which kind of feeds to amount in sales. So with that idea, I, unfortunately, of course, the survey is conducted on the mainland and they don't really do any points for Hawaiian commodities, of course. So I put together our acres in production and our reported value of production for various Hawaiian commodities. For most years, as long as I had a consistent series, I started from like 2007 to go to 2014-15. There are some commodities that we didn't have, that we didn't value in previous years, for example, kale, because kale is recently come to the forefront as a pretty big commodity. The value that I came up with for diversified crops was \$9,000 an acre. If you have an ag inspector go out and someone has diversified crops but they don't have sales, if they measure the land, if they have 4,000 square feet of agricultural production, according to this value, they would be classified as a farm with \$1,000 potential of sales. So that's what I was here to present. Do you guys have any questions?

CHAIR HOKAMA: Thank you for your comments this evening. So, Ms. Baisa, you have a question for Ms. King?

COUNCILMEMBER BAISA: Yeah, just a moment. Do we have this in writing?

COUNCILMEMBER VICTORINO: You have the ...

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MS. KING: Yes, yes.

COUNCILMEMBER BAISA: Sorry if we have it but, you know, we have a lot of paper that was --

MS. KING: Yes, I know.

COUNCILMEMBER BAISA: --given to us today.

MS. KING: I brought 16 copies --

COUNCILMEMBER BAISA: Okay.

MS. KING: --tonight --

COUNCILMEMBER BAISA: Okay.

MS. KING: --it's right here. I also sent it to the Committee.

COUNCILMEMBER BAISA: Okay.

CHAIR HOKAMA: Yes, we have it.

COUNCILMEMBER BAISA: It's probably somewhere in the pile. Thank you.

MS. KING: Yeah, it probably is.

COUNCILMEMBER BAISA: But thank you very, very much.

MS. KING: You're welcome.

CHAIR HOKAMA: Okay. Any other questions for the lady on her testimony, Members? Ms. King, so this is something the State Department of Agriculture will accept?

MS. KING: Yes. As a matter of fact, Scott Enright and I have spoken and he also suggested that it's possible, because of the way we collect our data and the value of production for all the commodities, that we can update this, you know, every five or ten years.

CHAIR HOKAMA: Did he indicate when he would be looking at his Department to update the values?

MS. KING: It would be, actually, us that would do it. So we're the Federal part of Department of Agriculture. He has submitted, I know, some testimony talking about whether we can do this and that he would work with us in order to update those ag land values.

CHAIR HOKAMA: So when you say, with us, he's talking about State --

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MS. KING: USDA NASS.

CHAIR HOKAMA: --Department of Ag working with Federal US Department of Ag?

MS. KING: Correct. We work in, everywhere NASS is located and we have an office in almost every state, we work cooperatively with the state department of agriculture.

CHAIR HOKAMA: Okay, thank you for that clarification. Any other questions for the lady? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you and thank you for being here and your report. Can you define, what is defined under floriculture?

MS. KING: Floriculture is flowers and foliage, anything that's basically collected on our floriculture survey, so ti leaves are considered flora culture, of course all the flowers, palms.

COUNCILMEMBER COCHRAN: Okay, so, hardwood trees? Or just...

MS. KING: No, no hardwood trees, no.

COUNCILMEMBER COCHRAN: So, not hardwood.

MS. KING: No. Those are considered forestry.

COUNCILMEMBER COCHRAN: Okay. And so these prices were determined off of our locally, tropicals and what-have-you?

MS. KING: Yes. We conduct a floriculture survey every year and so the values that I've got down are the reported values that we have for floriculture industry in the State.

COUNCILMEMBER COCHRAN: Okay. And a follow up, Chair? The survey you mentioned that is to be done in June of this year, you said, unfortunately, will only be covering the --

MS. KING: Yeah, it only covers ...

COUNCILMEMBER COCHRAN: --continental U.S. and not ...

MS. KING: It only covers the 48 states.

COUNCILMEMBER COCHRAN: Okay.

MS. KING: They don't do one here but I took that as a model for what I put together.

COUNCILMEMBER COCHRAN: Okay, okay, well, very good. Well thank you for all your hard work. Thank you.

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MS. KING: Okay.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR HOKAMA: Any other questions for the lady? Having none, we thank you for your comments this evening.

MS. KING: Thank you.

CHAIR HOKAMA: Pua Canto? Okay, Hugh Starr, and after Mr. Starr it will be Brian Wittman.

MR. STARR: Thank you, Chair Hokama, members of the Committee, Hugh Starr from Upcountry. It's been a long afternoon. I just want to cover two points, if I could. First of all, as was alluded to with Act 183, which was adopted in 2005, Section 205-41 does, it's a declaration of policy before the discussion about important ag lands where it talks about, that the jurisdiction shall use ag use assessed valuation for, as a tax incentive for ag lands rather than market value. So I just point that section out. There's been discussion about the \$21,000 ag subsidy. Subsidy, tax incentive, you know, tax rate but there's another subsidy in Maui County that I just wanted to bring to the attention of people who aren't aware of it and that's called the homeowner subsidy. The homeowner subsidy goes to about 26,000 homeowners. It isn't the homesite issue, that's a different issue. The homeowners who get a home exemption, there's over 26,000 of 'em as opposed to 4,000 who get ag use. That subsidy, that homeowner subsidy, is 3 times what the ag subsidy is, it's about 55 million and it covers mostly Kahului, Wailuku, Paia, Kihei, Pukalani, Makawao, you know, urban areas. So I just wanted to point that out. The other thing is, I am part of the Ag Working Group, as you know, and I want to laud everyone's efforts to really address the problem of taxation on ag lands. Obviously there's some disagreements. My observation is that there's a firewall between the government and the people to use this loosely. I like the illusion [sic] of Dr. Kaufman to the Knights of the Round Table where everybody collaborates in a circle. And I don't how many times in our long deliberations that Eve has alluded to over the last year, I had wished that we could sit down with, and let me be specific, with Scott Teruya, Jeff Ueoka, Chair Hokama or their representatives informally, with a facilitator to help understand each other because actually we're very close to solving a lot of these problems but we need to do it informally and the Ag Working Group can provide a facilitator who gets grant monies, I believe from the Federal government, to facilitate ag issues and I believe this would qualify. I asked her about it, she thought it would. So I offer that as a possible solution looking forward to, you know, to move forward with this discussion. So thank you very much.

CHAIR HOKAMA: Thank you, Mr. Starr, for your comments. Any questions for the gentleman this evening? Thank you for your recommendations, Mr. Starr. Brian Wittman, and he will be followed by Igor Vernik. Brian Wittman? Brian, are you here? Is Igor Vernik, V-E-R-N-I-K, here?

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UNIDENTIFIED SPEAKER (From the audience): Excuse me, Chair. He went home.

CHAIR HOKAMA: Thank you for that. Terez Amato? T-E-R-E-Z?

UNIDENTIFIED SPEAKER (From the audience): She had to go.

CHAIR HOKAMA: Okay, thank you. Steve Bond, B-O-N-D? Following Mr. Bond will be Barbara Jacintho.

MR. BOND: Greetings, everybody. Thank you for having the meeting. I'm Steve Bond. I'm from Kula. I have 25 acres, 2 TMKs. I live in a 75-year-old Quonset hut. I am not a multi-millionaire. I'm trying to farm. I was doing caretaking with my parents who lived on Oahu, I was going back and forth. Ripped out an old fence line, put in a new fence line. I've spent over \$200,000 in equipment and fencing my property. When I called up and I looked at the Real Property Tax website and noticed a whole bunch of vacant land around me, they weren't paying squat. And so I wrote a letter to somebody in the County and said, hey, blah, blah, blah, I'm doing ag, can you help me? And at that time, one of my lots was \$900 a year, my neighbors were paying 100 or something and I was, I wanted to get down to that level. Came out and raised my taxes to \$9,000. So I was taking care of my dad, going back and forth to Oahu, things feel through the cracks, threw away another 50 grand. Had the Real Property Tax guy, inspector come up to my property, I pointed all this stuff out to him. I had a chance to use the Real Property Tax website, check out all these other properties around me, lots of people are paying squat and aren't doing anything. I pointed out to the guy and he was sweating. So there was lot of, there's something that's not happening in the Real Property Tax Department in terms of you guys wanting to get money, it's out there but I think there's some politically protected people that aren't being asked to step up to the plate and pay their share. You know, I don't know what to say but I'm just saying, you know what, the whole system has problems and I'm busting my ass all the time to make my farm work. You know, I have an orchard so, you know, talk to the Water guys, they say, well do you have \$2,500 of revenue or whatever the number was, it's just, you know, I planted an orchard, it's not going to happen for 5, 10, 15 years, you know. And now what, this new law is going to tell me every year, oh, I gotta rip that plants up and put some other tree in there? So finally, in 15 years I'll get a tax break on the water, right, but my trees don't need water at that point 'cause they're already big, you know, I mean, let's start over with maybe Councilman Victorino's bill or I think this bill needs to die. So I'll cancel my time here. If anybody has any questions, I'm here for you.

CHAIR HOKAMA: Thank you, Mr. Bond. Members, questions for the gentleman on his testimony? Mr. Bond, we thank you for sharing your comments.

MR. BOND: Thank you.

CHAIR HOKAMA: Barbara Jacintho, are you here? Masako Cordray Westlott [sic]?

MS. WESTCOTT: Good evening, Chairman Hokama, Councilmembers, people of Maui. I am Masako Cordray Westcott, born and raised in Hawaii. My husband and I have been

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fulltime farmers at Hamakualoa, Maui for more than 40 years. This is my life work. I love what I'm doing and I think my hands qualify as a farmer and my back. I oppose BF-70 because it is an unworkable attempt to remedy the problem of wealthy landowners masquerading as farmers. I support the recommendations of the Ag Working Group to maintain ag use valuation and to hire qualified ag inspectors to determine fair ag rate use. These recommendations are in sharp contrast to the intrusive, cumbersome and expensive system established by BF-70. I ask the County to do a cost analysis of the implementation of this new tax regime. I farm ag land leased from the State. Agriculture is the only permitted use. Compliance is monitored. In effect, the land is already dedicated to agriculture. Any increase in taxes may make the difficult work of farming impossible for us. Additionally, we have no County services, no water, no electricity, no sewage, no farm protection and we maintain a nearly one-mile unpaved road by ourselves. Deeply troubling are the long-term impacts of BF-70. Agriculture on Maui is on the verge of change. The end of sugar is an opportunity for creative diversification. BF-70 pushes Maui in the other direction. Will HC&S pay fair market value for land no longer in active sugar production? This new tax regime is an incentive to develop or sell, which historically means selling to malihini. One of the perhaps unintended consequences of the dedication option is the burden on people struggling to protect land as a cultural and family inheritance. People who may not have the means or the moopuna to be in active ag now, which is a requirement of the dedication process. They may lose their land because of higher taxes. Additionally, I would like to point out or echo what was raised before, that the value of subsistence farming is not given, its given consideration within this bill. And we're commodifying agriculture and I suggest that there's no way to weigh or measure aloha aina. The people have spoken clearly in the many public documents and have said to protect, support, encourage agriculture. Please say no to BF-70. Mahalo.

CHAIR HOKAMA: Thank you for your testimony. Any questions for the lady on comments presented? If not, thank you for being here. And now we will have comments from Ms. Barbara Jacintho.

MS. JACINTHO: Jacintho.

CHAIR HOKAMA: Yeah, Jacintho. So, ask her what is her preference, Michele.

MS. JACINTHO: Good evening.

CHAIR HOKAMA: Good evening.

MS. JACINTHO: I'm Barbara Jacintho from Kula. And I against this bill totally because one, I have, I raise horses and I raise goats on my land. And right now it's hard for me to pay up everything at one time because I only get 1,000, almost \$2,000 a month and that's hard for me because I have a son that I'm raising and he helps me now that I'm, well, sort of crippled. I have a hard time getting around and he helps me out. And I'm totally against it because it's harder for me. My husband's check, I don't get at all because of the fact is, they told me I either gotta take mine or his 'cause we retired from, he was from the County and I was from the State and that's hard on me. So

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that's why I raise the goats to try and get, make ends meet. And I'm totally against this bill. So thank you for listening.

CHAIR HOKAMA: We thank you for being here this evening. Thank you so much for sharing your thoughts with us.

MS. JACINTHO: You're welcome.

CHAIR HOKAMA: Any questions for the lady, Members? Again, if not, Mrs. Jacintho, we thank you for being here very much to share your thoughts with us. Thank you so much. We have come to the point where we have one more person and that is Mr. Albert Perez. Unless there is someone else who would like to share comment, please make yourself known. And if you wish to submit written testimony, again, the Committee's happy to receive your thoughts on that. So before Mr. Perez comes down, I'll ask Lanai, anyone else wishing to provide testimony? Okay, Molokai, anyone wishing to provide testimony?

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

CHAIR HOKAMA: Thank you, Ms. Alcon. Thank you for your patience. Okay, next is Mr. Perez.

MR. PEREZ: Thank you, Chair. Albert Perez, Maui Tomorrow Foundation. I am truly inspired by much of the testimony that I've heard here today. I'm not going to repeat many of the things that I agree with. I haven't heard anybody testifying in favor of the bill, by the way. But I'm just going to share with you some of the things that I came up with as I was thinking about the problem of gentleman's estates, fake farms, et cetera. Unfortunately, I think that this bill is the wrong solution. I think it's almost, it's attractive in that it could be a simple solution but I think it has so many unintended consequences that it's really going to hurt and especially we've just had the notice that HC&S is going away, not they're going away but the sugar is going away so this seems like it would really be the death knell for the rest of agriculture on Maui. Gentleman's farms are a symptom of a lack of enforcement and I know you've heard this before but if you think about it, if all you could do on ag land was agriculture, the value of that land, even the market value of that land, would be much lower than it is. And if you're someone who wants to farm, good luck trying to find some land that you can farm. So I think we need to do everything that we can to protect agriculture. It's supported in the Maui Island Plan, so many places in our laws are trying to support agriculture, but I think this would do the opposite. Even if you were to keep the ag use value though, our existing situation isn't good enough because that tax benefit, it only kicks in after you purchase the land. So you have to be able to purchase the land first and then you can realize the tax benefit. So my other thought was, well, if we're going to tax ag land at market rates because it's a subsidy, well, it depends on how you look at it because farmers, and agriculture in general, provide services that they don't charge us for. They keep invasive species at bay, including especially fireweed, they keep the open spaces open and that's what the tourists come to see. So if we try to value those things, I think it comes out to way more than we would gain by taxing the ag land at market rates especially because a lot of the

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farmers are just gonna go away and then there won't be any revenue from those people anymore. So I encourage you to kill this bill, hire more inspectors, enforce the land use laws and work with the Ag Working Group. They're the people that understand agriculture and support agriculture in Maui County. It's not something that has a simple solution. So thank you very much.

CHAIR HOKAMA: Thank you, Mr. Perez. Any questions for the gentleman on his testimony, Members. Okay, saying that, that was ...

MS. de NAIE: Aloha, Chair --

CHAIR HOKAMA: Hi.

MS. de NAIE: --Hokama and members of the Committee. My name is Lucienne de Naie. I just signed up back there about, well everybody said everything. But, you know what, I'm going to tell my story too. I agree with the testimony by the Ag Working Group. I've sat in with many of their meetings. They put a lot of effort into thinking this through, trying to be fair and it doesn't seem like it's registered anywhere. So I think that, you know, that needs to have a way to happen. I liked Mr. Starr's idea of sitting around, you know, a few of the County folks and a few of the Ag Working Group, kukakuka and figure out like where do we have in common, what areas do we have to change? Also, it seems like everything is trying to change at once in this bill, it's like too much already. It's hard for people to understand and still you have, how much people have come out and said that they don't like this part and they don't like that part. So maybe take one part and try to deal with, another part and try to deal with it. You know, I lived where there's gentleman farms and I lived where there's real farms and I've lived where there's people who are being taxed off their land because they don't have any stream water to farm like their parents and grandparents did, and they would love to farm but their hands are kind of tied, you know, there's just very limited things they could do. They can grow grass and mow it about...can't even have cattle sometimes because there's not a water supply for, that would be, you know, guaranteed for the cows. There's no County pipes, there's, if it doesn't rain and fill your tank then your cattle just don't have any water 'cause there's no water in the streams. One thing that was mentioned briefly, the kuleana landowners, there's people in my valley, you know, folks have lived there for hundreds of years, they have eight separate parcels. Some of 'em are like, you know, one-tenth of an acre, 1.34 acres, each one is \$250 and then if the taxes go up it's more. It's like their only choice is just to try to sell them to somebody and you just lose that whole legacy of what this family had. We just need to find a better way and the, you know, the Circuit Breaker isn't everything. First of all, Circuit Breaker, if you own multiple pieces of property, it's my understanding that now you don't qualify for Circuit Breaker. And that's true with lots of local families 'cause they have a partial interest in several parcels, just 'cause they've been here for so long. That shouldn't be a penalty. Also, Circuit Breaker, there's a certain price that your house can be and some places, you know, their families have been here a long time so their houses are now super valuable even though they're old houses, just because of, you know, where they are. Anyway, we don't have a perfect system yet and this really needs some work. So please don't pass this, take the advice of the community and come up with something

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that addresses--if the real problem is the gentleman farmers, let's address it at the permitting end of things. I tried to turn in a gentleman farmer across the street from me to the County. They weren't interested. Thank you. Aloha.

CHAIR HOKAMA: Thank you, Ms. de Naie. Any questions for the lady? Having none, thank you very much for your comments. Anyone else would like to share their thoughts before we adjourn? Okay, Members, it's been a long day for everybody, including the public. So what we will do is we're going to recess this meeting and I'm going to recess this meeting 'til March 10, 5:00 p.m. in this Chamber, where we will then move forward. The Chair will state that I appreciate the comments from the public. There was a lot of consistency on two points and so I'm going to make some revisions and, again, we've heard very much your comments about the various components of the bill. So saying that, before I do the formal closure of testimony, I will just say that two things that the Chair heard, one was basically there's no issue with homesites and secondly, the farm community, or I should say agricultural community, is into continuation of updated ag values instead of market values. That's the two key takeaways I got this afternoon. So I thank the community for sharing and that we did hear those, that was two very consistent points the agricultural community made, ag values and fairness in the homesites. So I appreciate that very much.

MS. NILES (from the audience): And inspectors. Inspectors.

CHAIR HOKAMA: Yes, yes, we've heard about the inspectors. Thank you, Ms. Niles. We heard that loud and clear, thank you. Yes, we did hear that very much. So, Members, with no objections, we shall close testimony.

COUNCILMEMBER COCHRAN: No objections.

. . .END OF PUBLIC TESTIMONY. . .

CHAIR HOKAMA: Okay, testimony is closed. Again, we will be in recess 'til March 10th, 5:00 p.m. in this chamber, and the Chair is open to any suggestions by the membership. So with that, this meeting is in recess. . . .(gavel). . .

RECESS: 6:35 p.m.

APPROVED:



RIKI HOKAMA, Chair
Budget and Finance Committee

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February 29, 2016

CERTIFICATE

I, Annette L. Perkett, 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 24th day of March, 2016, in Haiku, Hawaii.



Annette L. Perkett