

PUBLIC HEARING

FEBRUARY 17, 2016

A public hearing of the Council of the County of Kaua'i was called to order by Arryl Kaneshiro, Chair, Budget & Finance Committee, on Wednesday, February 17, 2016, at 8:31 a.m., at the Council Chambers, 4396 Rice Street, Suite 201, Historic County Building, Līhu'e, and the presence of the following was noted:

Honorable Mason K. Chock
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Arryl Kaneshiro
Honorable JoAnn A. Yukimura
Honorable Mel Rapozo

Excused: Honorable KipuKai Kualii

The Clerk read the notice of the public hearing on the following:

“Bill No. 2615 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, ARTICLE 11A, KAUA'I COUNTY CODE 1987, AS AMENDED, BY ADDING A NEW SECTION 5A-11A.3, RELATING TO AN ASSESSMENT CAP,”

which was passed on first reading and ordered to print by the Council of the County of Kaua'i on January 27, 2016, and published in The Garden Island newspaper on February 2, 2016.

The following communications were received for the record:

1. Alalem, Donna, February 11, 2016
2. Imperato, Carl, February 15, 2016
3. Lewis, Walter, February 17, 2016

The hearing proceeded as follows:

SCOTT K. SATO, Deputy County Clerk: We received three (3) written testimony and we have one (1) registered speaker. The first speaker is Glenn Mickens for Walter Lewis.

GLENN MICKENS: For the record, Glenn Mickens. Good morning. This testimony is for Walter Lewis, which is basically my testimony in the same. I think you have a piece of testimony from Carl Imperato, too, which I thought was very good. Let me read Mr. Lewis' testimony for the record: “Over the years since 1980 when Kaua'i obtained authority to administer the real property tax, the Council has considered a plethora of bills seeking to amend the provisions in the law that was inherited. Many of these bills have been enacted and a result has been a legal structure that is unwieldy and inconsistent. The purpose of Bill No. 2606 and Bill No. 2615 that are on today's agenda may be worthy, but their

addition to the presently existing provisions of the law will contribute to the disharmony presently prevailing. This disarray is particularly acute in the provisions of the law relating to our residents. We have come to the point where the revenue needs of the County and fairness to its taxpayers mandate that we suspend piecemeal modifications and instead make a comprehensive review of the terms of the real property tax law with a view to establishing an internal harmony and a coordinated philosophy for the tax system. The issues in the current law that require reconciliation include: Do we need ten (10) separate taxpayer classifications? Should the tax remain of *ad valorem* nature? Is it appropriate that a tax should be payable based on a taxpayer's income, rather than the value of the real property? Is annual reevaluation of property necessary? Many other issues could be mentioned. I urge the appointment of a "blue ribbon task force," which I think Mr. Lewis has talked to Council Chair Rapozo a number of times about, to consider and recommend matters that would improve utility, integrity, and fairness of real property tax for the benefits of our government and our people. In my view, it would be best to suspend action on specific measures, unless they are of emergency nature, until we have the task force recommendation. You also have Carl Imperato's written testimony. Let me read his last paragraph here because I thought it was good: "Because Kaua'i real estate prices are heavily driven by external-to-Kaua'i demand, the *ad valorem* property tax system is the root of the problem; and the solution should be to reject that *ad valorem* property tax system for once and for all. There are alternatives; for example a system based on purchase price plus inflation (with a flexible CPI + x% cap to meet exceptional funding needs), or even simpler, a property tax system based on square footage of land and square footage of improvements." I guess we are saying that this *ad valorem* tax system is completely wrong and we do need an overhaul in this system. I see my time is up.

Committee Chair Kaneshiro: Councilmember Yukimura, repeat or rephrase.

Councilmember Yukimura: Please repeat what Mr. Lewis' position is on the assessment cap.

Mr. Mickens: The whole thing, Councilmember Yukimura?

Committee Chair Kaneshiro: Just his position on whether he is for or against it.

Mr. Mickens: Like myself, we are for some kind of a cap, but we think that the tax system is wrong. What Mr. Lewis is basically saying is that we should have a "blue ribbon task force" to go after this thing and fix it once and for all, not just keep on putting a band-aid over it.

Councilmember Yukimura: Is he for or against this Bill?

Mr. Mickens: Well, I presume he is against this Bill until we get a task force to find out what is going on.

Councilmember Yukimura: Okay. Thank you.

Mr. Mickens: You are welcome.

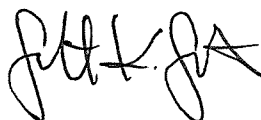
Committee Chair Kaneshiro: Anyone else in the audience wishing to testify on this item? Do you want another three (3) minutes, Glenn?

Mr. Mickens: Okay. I agree with Councilmember Hooser because I think he is right on track about the fact that we need to have a cap on this thing. I think we were wrong by taking the cap off. The people need some kind of an adjustment when taxes like Carl is saying here, some of them ninety-four percent (94%) in a year based on this. I see no reason why we should not have a system where you base your taxes on when you buy your property. That is your base. Whether it is thirty (30) years ago and you keep that base there with an increase of one percent (1%) to two percent (2%) a year, not raising it one percent (1%) to two percent (2%) a year, but only if it need be raised. If you put two percent (2%) a year, you are going to have a huge increase in ten (10) years or so. I think that is not correct either. I think a person that just wants to live in their house meaning they do not want to sell it or make money on the house; they should not be taxed out of that house. The way the current tax system is, as Councilmember Hooser has pointed out, it is not fair. I think this is something that can definitely be worked out. Thank you.

Committee Chair Kaneshiro: Thank you. Anyone else in the audience? Seeing none, this public hearing is now adjourned.

There being no further testimony, the public hearing adjourned at 8:38 a.m.

Respectfully submitted,



SCOTT K. SATO
Deputy County Clerk

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