

PUBLIC HEARING

AUGUST 14, 2019

A public hearing of the Council of the County of Kaua'i was called to order by Luke A. Evslin, Chair, Finance & Economic Development Committee, on Wednesday, August 14, 2019, at 1:35 p.m., at the Council Chambers, 4396 Rice Street, Suite 201, Historic County Building, Lihu'e, and the presence of the following was noted:

Honorable Arthur Brun (*present at 1:43 p.m.*)  
Honorable Mason K. Chock  
Honorable Felicia Cowden  
Honorable Luke A. Evslin  
Honorable Ross Kagawa (*present at 1:38 p.m.*)  
Honorable KipuKai Kualii  
Honorable Arryl Kaneshiro (*present at 1:38 p.m.*)

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

“Bill No. 2756 – A BILL FOR AN ORDINANCE AMENDING SECTION 5A-1.1, KAUA'I COUNTY CODE 1987, AS AMENDED, RELATING TO REAL PROPERTY TAX DEFINITIONS,”

which was ordered to print by the Council of the County of Kaua'i on July 17, 2019, and published in The Garden Island newspaper on July 25, 2019.

The hearing proceeded as follows:

SCOTT K. SATO, Deputy County Clerk: We received no written testimony and have one (1) registered speaker. The first speaker is Haunani Pacheco.

Committee Chair Evslin: Thank you, Ms. Pacheco. Please push the button and state your name for the record.

HAUNANI PACHECO: Good afternoon, my name is Haunani Pacheco. I am resident of Kilauea. I came this afternoon to thank you for this bill. I believe it will relieve a lot of tax burden on some of the families, and for many Hawaiian families who have *kuleana* land. I wanted to share a little history. My grandparents had a nine hundred ninety-nine (999) year lease in 'Anini. They got the lease in 1911. Our family has been on the 'Anini property for one hundred eight (108) years. Through the years, we have seen the tax rise. There are so many vacation rentals at 'Anini, which escalates the value of the property. We used to pay one hundred dollars (\$100) per year, and now it is twenty-four thousand dollars (\$24,000) a year. It has been quite a burden on our family. Because of some of the issues with nine hundred ninety-nine (999) year lease, it is now a thirty (30) day revocable that was issued by the Department of Land and Natural Resources (DLNR).

As I understand from my cousins who live there, because it is a short-term lease, it is not able to qualify under this bill. In looking at numbers, the property is now valued at three million dollars (\$3,000,000). If you look at it in the Homestead category, it will cost nine thousand one hundred fifty dollars (\$9,150) a year which is still substantial. In the Residential category, it will cost eight thousand one hundred fifty dollars (\$8,150). It is a nine thousand dollar (\$9,000) difference between the Homestead and Residential. They have been classified into the Residential Investor category which is twenty-four thousand one hundred fifty dollars (\$24,150). Unless you have five (5) jobs, most people on this island do not make that kind of money. I am not really sure how we are able to relieve that for people who are stuck in those categories.

Committee Chair Evslin: I am sorry, that was your first three (3) minutes. You will have another three (3) minutes. We need to see if there is anyone else in the room that would like to testify. Thank you so much. Is there anyone else in the room, Mr. Sykos.

LONNIE SYKOS: For the record, Lonnie Sykos. I am not familiar with the issue of land involvement on Kaua'i. I am quite familiar with the general issue when I was living on Maui. I lived in Hāna for twenty-five (25) years. There were families that have been in court for approximately eighty (80) years, and were nowhere near settling their title. I am able to understand the value to the families and being able to maintain control over their property while the legalities get worked out. For the general public, many people are absolutely clueless on what you are talking about. We are one of the few jurisdictions in America that allows individuals to own joint property without having any business relationship with one another. If you were on the mainland, you would not be able to start your own entity such as having *ahupua'a*, and owning your own *kuleana*. There has to be a relationship between the partners in order to ultimately settle the property. My real question is, other than lands that are owned or originally owned by native Hawaiians, their descendants own it today, and the title is not clear...I understand that as one (1) issue. Is there a group of land whose ownership will be impacted that is different than what I have been talking about? That is my question to you. I understand the issue of very few parcels of land are of Hawaiian families, and I understand doing this for them. My question is—are there Limited Liability Companies (LLC) or cooperation's that you are able to create a business entity to take advantage of this? Thank you.

Committee Chair Evslin: Is there anyone else in the audience wishing to testify? Ms. Pacheco, you are able to come back up. Thank you so much.

Ms. Pacheco: Thank you. To continue, what I see is not only being able to fix where they fall within the tax category, I think we need to look at valuation. We are struggling in taxes because of the valuation. I do not know how we are able to that? To have a value for people who plan to never sell and live there for generations. To me, that is a really big situation. If we do not try to figure out how to do the valuation, in time, it is not only these people that will be affected. It will be all us who are affected. Thank you.

Committee Chair Evslin: Is there anyone else in the audience wishing to testify? Mr. Wann, you will have three (3) minutes, the light will turn red, and you will have another three (3) minutes if you would like to continue after that. Thank you very much.

PRESLEY WANN: *Aloha* Council, my name is Presley Wann. My family has lived in Hā'ena and the Nā Pali Coast so far back that we do not even know how far back it has been. My great-grandmother was one (1) of thirty-eight (38) Hawaiians in 1875 that bought the entire *ahupua'a* of Hā'ena that is called Hui Kū'ai 'Āina 'O Hā'ena. We have a *kuleana* that we fondly refer to it as Kamealoha. We have had this *kuleana* in our family for many generations, and it is about three (3) acres. Right now, I am faced with the same dilemma that my great-grandfather William Hailama faced one hundred (100) years ago. He had to go to the City and County of Honolulu to work in order to pay the taxes for Kamealoha. I am here to support any measures you are able to assist with the tax exemptions. We really need help. I look at my other families who are from Hā'ena, they are all faced with the same problems. It is really hard to do anything out there. The taxes are one (1) of the main reasons we sold a portion of our *kuleana*. We had two (2) *kuleana* right below Limahuli Gardens. We actually had from Cold Pond all the way to the ocean. Over the years, we were faced with the same predicament that my uncles faced forty (40) or fifty (50) years ago where they had to sell our property to pay the taxes. We could not keep up with the taxes.

Committee Chair Evslin: Is there anyone else in the audience wishing to testify? You are able to have your next three (3) minutes.

Mr. Wann: Right now, on my *kuleana*, I am surrounded by Julia Roberts, Bette Midler, and Glenn Frey from the Eagles, and they are all affecting my property tax. That is where I just came from. I am doing a side job because I am retired and on a fixed income. It is really starting to hit me hard. One (1) year, I paid almost twenty thousand dollars (\$20,000) in property taxes—myself and the Ka'ana family over on the mainland. We are all on fixed incomes. Anything you are able to do will be very helpful. I am sorry, I was not prepared, thank you very much for your time and efforts.

Committee Chair Evslin: Thank you so much.

Ms. Pacheco: Haunani Pacheco again. I wanted to say something being that I touched on valuation. Some of the properties that are leased or nine hundred ninety-nine (999) leased, to me, there needs to be adjustment on the valuation because those people are not able to do what everyone else around them is able to do. They cannot rent or sell the property. They have to live on the property because there are several conditions that they have to meet, which restricts them to do a vacation rental like everyone else in order to pay their taxes. That was the only other thing I needed to add.

Committee Chair Evslin: Thank you so much.

Councilmember Chock: Committee Chair, if I could have point of personal privilege. I wanted to recognize the Office of Hawaiian Affairs (OHA) Trustee Brendon Kalei'āina Lee in attendance. He came from the City and County of Honolulu in interest of testifying and supporting this Bill. I have made him aware that we are working on an amendment. At this point, I think he is going to refrain. I wanted to *mahalo* Mr. Lee for being here. Thank you.

Committee Chair Evslin: Thank you so much for coming. Is there anyone else in the audience wishing to testify? Seeing none, this public hearing is now adjourned.

There being no further testimony, the public hearing adjourned at 1:49 p.m.

Respectfully submitted,



SCOTT K. SATO  
Deputy County Clerk

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