

PUBLIC HEARING

AUGUST 18, 2021

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 18, 2021, at 8:34 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 Bernard P. Carvalho, Jr.
Honorable Mason K. Chock
Honorable Felicia Cowden
Honorable Bill DeCosta
Honorable Luke A. Evslin
Honorable KipuKai Kualī'i
Honorable Arryl Kaneshiro

Council Chair Kaneshiro: Please note that we will run today's meeting pursuant to the Governor's COVID-19 Response Emergency Proclamation with the most recent relating to the Sunshine Law dated August 5, 2021.

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

"Bill No. 2828 – A BILL FOR AN ORDINANCE AMENDING CHAPTER 5A, KAUAI COUNTY CODE 1987, AS AMENDED, ESTABLISHING A COMMERCIAL VEHICULAR RENTAL REAL PROPERTY TAX CLASS,"

which was ordered to print by the Council of the County of Kaua'i on July 21, 2021, and published in The Garden Island newspaper on July 30, 2021.

The following communications were received for the record:

1. Ito, Mihoko, and Yajima, Tiffany, from SanHi Government Strategies, A Limited Law Partnership, dated August 17, 2021
2. Muhs, Robert, on behalf of Avis Budget Group, dated August 18, 2021
3. Watumull, Jared, dated August 17, 2021

Committee Chair Evslin: We received three (3) pieces of testimony and have one (1) registered speaker for this item. Mark Cochrane, you will have six (6) minutes to state your testimony. You should be able to see the light here, when it turns green you can proceed, when it turns red your six (6) minutes are up. Mark, you have the floor.

MARK COCHRANE (*via remote technology*): Good morning and *aloha* everyone. Thank you for the time. My name is Mark Cochrane. I am the group Controller for Enterprise Holdings here in the State of Hawai'i. We operate the

Enterprise, Alamo, and National car brands. I am here this morning to speak about Bill No. 2828, which establishes a Commercial Vehicular Rental Real Property Tax Class different from the class that we are currently under today. I have three (3) main concerns with the Bill. The first being, we believe the measure unfairly assumes that the rental car industry disproportionately impacts the County infrastructure and roads. We have included this in our written testimony, but based on some estimates of airport revenue and registered vehicles with the Department of Business, Economic Development, and Tourism Department of Business, Economic Development & Tourism (DBEDT) report at the State level, a rental car only makes up about eight and one-half percent (8.5%) of the total seventy-five thousand (75,000) vehicles that are registered in the County of Kaua'i. Therefore, we are talking about a smaller amount of total vehicles. In addition, the type of vehicles that we are renting are passenger vehicles. We do not rent any heavyweight commercial sized vehicles, so the use does not cause the same amount of damage to the roads as a larger vehicle could, such as a vehicle that is used by a food and beverage manufacturer or a parcel delivery service. Lastly, I would like to talk about the use of the vehicles and the amount of time these vehicles are on the road. If, again, you look at a typical rental car customer, they are going to be on the road for an hour or two in the morning to get to their destination. They may be on the road again for another hour or two in the evening to return from their destination and maybe grab a meal at one of the local restaurants. You compare that with the other businesses in the County that utilize vehicles in a much more frequent basis, you think again about delivery companies and food delivery companies, they can be using those heavier weight vehicle for about six (6), eight (8), or ten (10) hours per day, which from our perspective causes much more damage and should be considered if there is going to be a change to any real property tax classifications. Secondly, we would like to talk about the definition of Real Property Tax. Traditionally, Real Property Tax is based on Fair Market Value. In this particular Bill, it is now incorporating the personal property of a business in determining what their rates should be, and we have some concerns with that. We would love the opportunity to talk with you more about what the definitions and what the use of a business should be, when determining real property tax rates. Lastly, we do work with a number of individuals throughout the State, specifically in Kaua'i on different properties that we have. We have concerns that landowners may not want to encourage rental car companies to come to their own properties based on the fact that it will now be a little bit more confusing for them to determine what real property tax rates should be. They could have a structure for three (3) tenants with two (2) of the tenants being non-rental and one (1) being rental and having to work through different property tax rates. It could be concerning enough to where they choose to get that property to another business versus the rental car business, which would be concerning to us, to be able to grow our footprint and provide services to the local community with our replacement program. So those are our main concerns. I do appreciate the time this morning and I am open to any questions, if you have any for me.

Committee Chair Evslin: Councilmember Kuali'i, do you have a question?

Councilmember Kuali'i: Can you repeat your name and organization and can you tell me if you submitted this in writing, as well?

Mr. Cochrane:
was that again?

I am sorry, I did not hear all of that. What

Councilmember Kualii: Can you repeat your name and organization
and can you tell me if you submitted this in writing, as well?

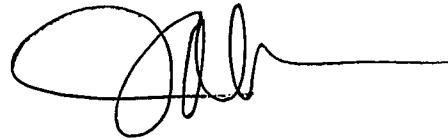
Mr. Cochrane: Yes. My name is Mark Cocrane. I am the
Controller for Enterprise Holdings. Enterprise Holdings operates the Enterprise,
Alamo, and National car rental brands throughout the State. Yes, we did submit our
testimony in writing.

Councilmember Kualii: Thank you.

Committee Chair Evslin: Are there any further clarifying questions?
Thank you Mark for you testimony.

There being no further testimony on this matter, the public hearing adjourned
at 8:39 a.m.

Respectfully submitted,



JADE K. FOUNTAIN-TANIGAWA
County Clerk