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G. Riki Hokama

Vice-Chair
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Council Members
Michelle Anderson
Gladys C. Baisa
Jo Anne Johnson
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Michael J. Molina
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Michael P. Victorino



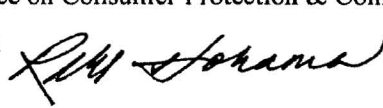
Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

LATE TESTIMONY

March 24, 2008

TO: Honorable Robert N. Herkes, Chair
House Committee on Consumer Protection & Commerce

FROM: G. Riki Hokama
Council Chair 

SUBJECT: **HEARING OF MARCH 24, 2008; TESTIMONY IN OPPOSITION TO HCR 368 AND HR 304, RELATING TO REQUESTING THE MAYOR OF MAUI AND THE MAUI COUNTY COUNCIL TO ESTABLISH A REAL PROPERTY TAX STRUCTURE BASED ON THE CALIFORNIA PROPOSITION 13 PROPERTY TAX SYSTEM**

Thank you for the opportunity to testify in opposition to these important resolutions. The purpose of these resolutions is to request the Mayor of Maui and the Maui County Council to establish a real property tax structure based on the California Proposition 13 property tax system.

The Maui County Council has not had the opportunity to take a formal position on these resolutions. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I oppose these resolutions for the following reasons:

1. Real property tax assessments and taxes are a County issue and not within the State's jurisdiction. The Legislature should focus on issues within the State's control. These resolutions usurp County authority and repudiate home rule principles, without justification.
2. Maui County's Director of Finance has projected that real property tax assessments are falling. The projected real property tax revenue for Fiscal Year 2009 is flat in comparison to Fiscal Year 2008, with decreases expected for Fiscal Year 2010.
3. While Proposition 13 succeeded in providing property tax relief to property owners alarmed by swiftly rising assessment increases, it has many other negative consequences.
4. Proposition 13 has created increased inequities on the real property tax system for the following reasons: (1) Because properties are only reassessed when they are sold, owners of very similar properties can have very different property tax bills; (2) Since commercial properties are sold much less frequently than residential properties, residential properties have increasingly born a larger percentage of the tax burden; and (3) As real property tax revenues are the only large source of revenues that local jurisdictions control, the State of California has increasingly needed to shift the allocation of sales tax and other revenues to cover the expenses of local jurisdictions.

For the foregoing reasons, I oppose these resolutions.

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