DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR

ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair;
and Members of the House Committee on Finance

From: Isaac W. Choy, Director
Department of Taxation

Date: February 25, 2021
Time: 12:00 P.M.
Place: Via Video Conference, State Capitol

Re: H.B. 1314, H.D. 1, Relating to Taxation

The Department of Taxation (Department) and offers the following comments regarding H.B. 1314, H.D. 1, for your consideration.

H.B. 1314, H.D. 1, repeals the allocation to the counties of transient accommodations tax (TAT) revenue and authorizes each county to levy a county surcharge on TAT if the county satisfies certain real property tax requirements. H.B. 1314, H.D. 1, creates a residential property owner tax credit and a residential circuit breaker tax credit. Finally, the bill gradually repeals the individual and corporate income taxes. The bill has a defective effective date of July 1, 2050.

The income tax credits are each equal to an unspecified percentage of the real property tax owed and paid. The residential property owner credit can be claimed by any resident that pays county real property taxes on their principal residence. The bill defines principal residence as a residence occupied for no less than 270 days during the calendar year. The circuit breaker tax credit is similar, but is limited to taxpayers 65 years old or older with total earned income of less than $20,000. Earned income is not defined in this measure.

First, the Department notes that the bill provides income tax credits to taxpayers statewide and for the statewide repeal of the income tax, but does not require any statewide action on the TAT surcharge or real property increase. Thus, regardless of whether all counties adopt a TAT surcharge or increase their property tax, the revenue losses from the income tax credit and repeal would apply statewide. This means that residents of a county that refuses to increase the real property tax or impose a TAT surcharge would still receive the tax credits and would benefit from the eventual repeal of the income tax.

Furthermore, the repeal of the income tax reduces state revenues, but the TAT surcharge and real property tax increase only supplement county revenues. The bill states that income tax revenue will be replaced by real property revenues, but includes no obvious mechanism for the sharing of county real property tax revenues with the state.

Second, the bill purports to reduce residents' overall tax burden and place more of the tax burden on non-residents. The Department cautions that in pursing this goal, the measure may be making the state's finances even more dependent on tourism, consumption, and the whims of non-residents.

As was dramatically demonstrated in 2020, tourism can disappear quickly. Fortunately, the household incomes of the state's residents were stable due to generous unemployment benefits. This stable income level led to stable individual income tax revenue, providing much needed funding as revenue from GET and, particularly, TAT, fell dramatically. This proposal would remove a relatively stable source of revenue, the individual income tax, and increase reliance on the tourism-dependent and volatile TAT. As a matter of tax policy, the Department believes that it is in the State's best interest to diversify its sources tax revenue.

Finally, the H.B. 1314, H.D. 1, authorizes the counties to adopt a county surcharge on TAT at any time after they meet certain real property tax requirements. The bill requires the Department to collect the surcharge beginning the year following the adoption. If a county were to adopt a surcharge late in the year, the Department would have little time to prepare.

The Department requires approximately six months to make form changes, develop and test technical configurations, and educate taxpayers. The Department requests the deadline for adopting a TAT surcharge be set at least six months prior to the Department's requirement to begin collecting the surcharge.

Thank you for the opportunity to provide comments.

WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2021

ON THE FOLLOWING MEASURE:
H.B. NO. 1314, H.D. 1, RELATING TO TAXATION.

BEFORE THE:
HOUSE COMMITTEE ON FINANCE

DATE: Thursday, February 25, 2021 **TIME:** 12:00 p.m.

LOCATION: State Capitol, Room 308, Via Videoconference

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Janine R. Udui, Deputy Attorney General, at 586-1470)

Chair Luke and Members of the Committee:

The Department of the Attorney General has concerns regarding this bill and provides the following comments.

The bill's preamble states that "[t]he legislature finds that the current property tax structure caters to non-residents and burdens local residents, particularly the senior population and first-time home buyers." See page 1, lines 2-5. The bill cites to a 2017 Department of Business, Economic Development, and Tourism report indicating that about twenty percent of all real property in the State is owned by nonresidents, and 12.5 percent of residential properties are owned by nonresidents. See page 1, lines 5-9. In light of this, the bill states that "[t]he legislature believes that the State has the capacity to shift a portion of the property tax burden to out-of-state homebuyers without placing a further financial burden on local residents who own real property and use it as their principal residence." See page 1, lines 9-13. The preamble goes on to state that "[w]hile the legislature believes that the tax burden should be shifted to non-residents, the legislature also believes that a fair assessment of homeowner exemptions is needed to offset the burdens local residents face." See page 2, lines 3-6. The bill therefore, among other things, establishes "a residential property owner tax credit and a residential circuit breaker tax credit." See page 3, lines 14-15.

Both credits are available to resident taxpayers, but not to nonresident taxpayers. More specifically, a "qualified taxpayer" eligible to claim the residential property owner tax credit is defined, in part, as a “resident who pays real property taxes to a county of the State for a residential property that is used as the taxpayer’s principal residence during the taxable year." See page 24, lines 9-12. Similarly, a "qualified taxpayer" eligible to claim the residential circuit breaker tax credit is defined in part as a "resident" that meets certain other requirements. See page 26, lines 7-14. For purposes of both credits, the term "resident" is defined to have the same meaning as defined in section 235-1, Hawaii Revised Statutes (HRS), where that term is defined in part as every individual domiciled in the State or who is in the State for other than a temporary or transitory purpose. See page 24, lines 13-14; page 26, lines 15-16. Under both credits, "principal residence" is defined to mean "a residential property in the State in which a taxpayer has occupied for no less than two hundred seventy calendar days of a calendar year." See page 24, lines 6-8; page 26, lines 4-6. Accordingly, the residential property owner tax credit and residential circuit breaker tax credit will be available to resident taxpayers domiciled in the State, but not to nonresident taxpayers for no other reason than they are nonresidents.

As such, this bill may be subject to challenge under the Privileges and Immunities Clause of the United States Constitution. "The Privileges and Immunities Clause, U.S. Const., Art. IV, § 2, provides that the Citizens of each State shall be entitled to all Privileges and Immunities of Citizens in the several states." Lunding v. New York Tax Appeals Tribunal, 522 U.S. 287, 290 (1998) (internal brackets and quotation marks omitted). The Clause requires "substantial equality of treatment" for resident and nonresident taxpayers, such that "[w]here nonresidents are subject to different treatment, there must be 'reasonable grounds for . . . diversity of treatment." Id. at 297-98 (quoting Travis v. Yale & Towne Mfg. Co., 252 U.S. 60, 79 (1920)). Thus, "the Privileges and Immunities Clause bars 'discrimination against citizens of other States where there is no substantial reason for the discrimination beyond the mere fact that they are citizens of other states.'" Id. at 298 (quoting Toomer v. Witsell, 334 U.S. 385, 396 (1948)). Along these lines, states may "adopt justified and reasonable distinctions between residents and nonresidents in the provision of tax benefits, whether in the form of tax deductions or tax credits." Id. at 311.

In Reinish v. Clark, 765 So. 2d 197 (Fla. Dist. Ct. App. 2000), the Reinishes were residents of Illinois, but owned a part-time residence in Florida. Id. at 201. The Reinishes were ineligible to receive Florida's homestead tax exemption because their Florida residence did not qualify as a "permanent residence." Id. The Reinishes sued claiming they were "not treated substantially equally with Florida residents under the homestead tax exemption scheme because they [were] non-residents." Id. at 208. In determining Florida's homestead tax exemption did not violate the Privileges and Immunities Clause, the court noted that "the exemption is reasonable in effect[,]" was "closely and substantially related to the State's valid objective to promote and protect taxpayers' financial ability to purchase and maintain the primary shelter[,]" and therefore "constitute[d] a substantial justification totally unrelated to state residency." Id. at 210.

It should be noted, however, that the Florida homestead statute in Reinish referenced the definition of "permanent residence"' set forth in section 196.012(17), Florida Statutes (1997), which provides "that place where a person has his or her true, fixed, and permanent home and principal establishment to which, whenever absent, he or she has the intention of returning. A person may have only one permanent residence at a time; and, once a permanent residence is established in a foreign state or country, it is presumed to continue until the person shows that a change has occurred." In contrast, this bill applies to a "principal residence" that is defined to be a residential property in Hawaii occupied for 270 calendar days, without any limitation as to whether or not the person has a permanent residence in a foreign state or country.

The proposed measure is similar to the one in Reinish insofar as it is designed to offset the burdens of owning a primary residence in the State. However, unlike in Reinish, the proposed tax credits can only be claimed by a "resident." Therefore, a resident may claim the credits, whereas a nonresident who would otherwise be eligible (i.e., resided in a secondary vacation residence in the State that qualifies to be a "principal residence" if it is occupied for no less than 270 calendar days of the year) would not be able to do the same solely because of residency. For this reason, and because the bill's preamble indicates the desire to shift the property tax burden from residents to citizens of another state, the bill may be subject to challenge under the Privileges and Immunities Clause.

Based on the foregoing, we respectfully ask that these concerns be addressed. We recommend removing the preamble in order to remove the wording indicating a preference to shift the tax burden to nonresidents. Additionally, we recommend removing the word "resident" from the definition of "qualified taxpayer" in part IV, section 8, and replace it with "person subject to the taxes imposed by this chapter." Specifically, with respect to the residential property owner tax credit, on page 24, starting at line 9, the definition of "qualified taxpayer" should read as follows:

> "Qualified taxpayer" means a [~~resident~~] <u>person subject to the taxes imposed by this chapter</u> who pays real property taxes to a county of the State for a residential property that is used as the taxpayer's principal residence during the taxable year[.]

The definition of "resident" on page 24, lines 13-14, should then be stricken. With respect to the residential circuit breaker tax credit, on page 26, starting at line 7, the definition of "qualified taxpayer" should read as follows:

> "Qualified taxpayer" means a [~~resident~~] <u>person subject to the taxes imposed by this chapter</u> who:
>
> (1) Is sixty-five years of age or older;
> (2) Is not a dependent of another taxpayer;
> (3) Has a total earned income that is less than $20,000; and
> (4) Owns and occupies a residential property that is used as a principal residence and the assessed value of the residential property does not exceed $1,000,000.

The definition of "resident" on page 26, lines 15-16, should then be stricken.

These changes to the preamble and the definition of a "qualified taxpayer" to remove the word "resident" would address the possible Privileges and Immunities challenges.

Thank you for the opportunity to express our concern.

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

RICK BLANGIARDI
MAYOR

ANDREW T. KAWANO
DIRECTOR

KELLI J. NISHIMURA
ACTING DEPUTY DIRECTOR

February 23, 2021

Honorable Sylvia Luke, Chair
House Committee on Finance
Hawaii State Capitol, Room 306
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Luke, Vice-Chair Cullen, and members of the House Committee on Finance:

SUBJECT: In Opposition of HB 1314 HD1

Thank you for the opportunity to testify on behalf of the City and County of Honolulu. While we understand the economic difficulties the State of Hawaii is facing, we are respectfully in **opposition** of this measure. HB1314 HD1 adversely alters the tax policy of each county by significantly increasing the tax burden onto our only tax revenue source, real property taxes, while also impacting the City's credit rating.

Each county factors in tax rates of their primary revenue of real property taxes to prudently meet obligated debt service and to provide essential core services. The proposed tax rate schedule will place further financial burden on local residents living on Oahu. By increasing the minimum tax rate of $15 per $1,000 by 2031, Honolulu residents would see an increase of over four times their current obligation. The current residential tax rate of $3.50 per $1,000 has not changed since the tax year 2011-2012.

In addition to broadening the purpose of real property taxes by implementing a complex circuit breaker program, establishing a residential tax credit, and creating second transient accommodation tax program, this measure will very likely harm the City's strong bond credit rating of Aa1 by Moody's and AA+ by Fitch. A lowering of the credit rating increases debt service cost and could reduce the City's financing options in the future.

For these reasons we oppose this measure as it adversely changes the tax policy landscape at the state and county levels and will overburden local residents by way of increased real property taxes while also impacting the City's bond credit rating, which may result in unfavorable consequences.

Sincerely,

Andrew T. Kawano, Director
Department of Budget and Fiscal Services

DEPARTMENT OF FINANCE
REIKO MATSUYAMA, DIRECTOR
MICHELLE L. LIZAMA, DEPUTY DIRECTOR

DEREK S.K. KAWAKAMI, MAYOR
MICHAEL A. DAHILIG, MANAGING DIRECTOR

Testimony of Reiko Matsuyama
Director of Finance, County of Kauaʻi

Before the
Committee on Finance
February 25, 2021 at 12:00 pm
Conference Room 208

In consideration of
House Bill 1314 HD1
Relating to Taxation

Honorable Chair Luke, Vice Chair Cullen, and Members of the Committee:

The County of Kauaʻi, Department of Finance **strongly opposes** H.B. No. 1314 HD1 which could jeopardize our entire real property tax structure.

Eliminating the county's portion of the transient accommodation tax (TAT) would not incentivize the county to increase real property tax; it would necessitate an increase. The County of Kauaʻi still relies on the TAT to balance our annual operating budget. While this bill proposes to eliminate the county's share, it does not reduce the tax paid by visitors. They would be paying the TAT plus a "surcharge" that would fund the county portions. The counties would receive the surcharge less a 5% admin fee as compared to a 1% fee that is taken for the collection of general excise taxes.

Real property tax rates are already comparatively high for most tax classes outside of the owner-occupied class. I would disagree that the County of Kauaʻi is undercharging for residential investment properties. The average tax bill for our non-owner-occupied Residential Investor class is over $40,000 annually and the vacation rental annual average bill is nearly $10,000. The market will have a hard time baring further escalation for these rates. To add to this, the non-owner-occupant multiplier is even higher when you account for the exemptions, assessment caps, and circuit breaker credits afforded to owner occupied properties.

Our owner-occupied homestead real property tax rate is now $3.05 per $1,000 in assessed value. This bill proposes to raise it to no less than $15.00 in 2031, less than 10 years away. Each county has developed complex tax relief measures to protect our owner-occupants from being displaced due to high property taxes. These relief measures were tailored to the individual county's needs and application of these relief efforts create 'effective tax rates' that are below the stated tax rate. The effective tax rate for the County of Kauaʻi is $6.90 per $1,000 in assessed value which is higher than the proposed base in the bill.

Raising rates on our Residential tax class would no doubt be passed on to the tenant effectively creating upward pressure on rental rates which are already unaffordable as it is.

The County of Kauaʻi's real property tax system is already highly complex and difficult to change the local law at the County Council level. Tax rates and property classifications vary widely between counties. Having both the State and County Council involved in the property tax rate decision making process could detrimentally impede the counties' ability to generate sufficient revenues to balance our budget. This would setup an environment where the State and County are competing for the same property tax revenues.

This measure complicates both tax systems and is unnecessary. The transient accommodations tax should remain separate and not linked with real property assessment.

It is for these reasons, among others, that the County of Kauaʻi **strongly opposes** H.B. 1314 HD1.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 24, 2021

TO: Honorable Chair Syliva Luke, Vice Chair Ty J.K. Cullen and Members of the House Committee on Finance

FROM: Tamara A. Paltin
West Maui District Councilmember

DATE: February 24, 2021

SUBJECT: **IN OPPOSITION OF HB 1314, RELATING TO TAXATION**

Thank you for the opportunity to testify on this important measure. The purpose of this measure is to repeal the allocation of transient accommodation tax revenue to the counties, prohibiting each county to levy its own surcharge on transient accommodation tax until certain real property tax requirements have been met.

I OPPOSE this measure for the following reasons:

1. Withholding the counties' portions of the transient accommodation tax until they meet certain real property tax requirements essentially functions as blackmail against the county governments.
2. It was established long before that real property taxes fell under jurisdiction of the counties, not the state.
3. A portion of the transient accommodation tax was dedicated to the counties to mitigate the impacts of tourism. Why would the counties continue to invest in tourism with such diminishing returns? So much of the money that is made by tourism in Hawaii is leveled off shore. What do we receive in return? Poverty-level jobs?
4. I question whether it would even be constitutional for the counties to charge a special lower rate for Hawaii residents, as suggested in the bill.

Respectfully Submitted,

Tamara A. M. Paltin

TAMARA PALTIN
Councilmember

Hawaii
Children's Action Network Speaks!
Building a unified voice for Hawaii's children

Hawaiʻi Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: House Committee on Finance

Re: **HB1314 HD1 - Relating to taxation**
Hawaiʻi State Capitol, Room 308
February 25, 2021, 12:00 PM

Dear Chair Luke, Vice Chair Cullen, and committee members,

On behalf of Hawaiʻi Children's Action Network Speaks!, I write to provide COMMENTS on HB1314 HD1, which would incentivize changes to the transient accommodations tax and county property taxes, create residential property tax credits and circuit breakers, and phase out both personal and corporate income taxes.

As the state legislature is facing large budget shortfalls, we support a range of progressive revenue options – meaning that they ask those at the top to pay more – to close the deficit without slashing critical government programs that are so essential to Hawaiʻi's keiki and their families during this pandemic crisis. Unfortunately, it seems likely that this bill would make our state and local tax system less progressive, not more so.

Hawaiʻi currently has the lowest effective property tax rates in the nation – currently our rate is less than one-seventh of the top state, New Jersey.[1] Such low property tax rates encourage non-residents to bid up properties and leave them vacant most of the year. This bill would encourage counties to bring in more revenues from this underutilized resource. It would also provide tax credits and circuit breakers to protect local homeowners.

Meanwhile, **personal income taxes are the most progressive feature of our state and local tax code**.[2] It's the only major part of our tax system that partially balances out the regressivity of the general excise tax (GET), which hits those at the bottom nearly 9 timers harder than those at the top. Even with the personal income tax in place, those in the bottom 20% pay 15% of their income in state and local taxes, while the top 1% pay only about 9%. **Eliminating Hawaiʻi's personal income tax would make our tax system less fair than it already is.**

In addition, the corporate income tax is applied only to profits, and the federal corporate income tax rate dropped by 14 percentage points in 2017, giving profitable companies a huge tax break at the federal level.[3] **Only 6 states don't have corporate income taxes – and 4 of those 6 states tax companies in a different way**.[4] Especially as the state is facing budget deficits, it doesn't seem to make sense to eliminate this revenue source.

Mahalo the opportunity to provide comments on this bill.

Thank you,
Nicole Woo
Director, Research and Economic Policy

---

[1] https://taxfoundation.org/how-high-are-property-taxes-in-your-state-2020/
[2] https://itep.org/whopays/hawaii/
[3] https://www.taxpolicycenter.org/briefing-book/how-does-corporate-income-tax-work
[4] https://taxfoundation.org/publications/state-corporate-income-tax-rates-and-brackets/

850 Richards Street, Suite 201 • Honolulu, HI 96813 • 808-531-5502
speaks.hawaii-can.org • speaks@hawaii-can.org

HAWAIʻI BUDGET & POLICY CENTER
Better information. Better policy. Better Hawaiʻi.

February 25, 2021. 12:00 noon

To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and members of the House Committee on Finance

From: Beth Giesting, Director, Hawaiʻi Budget & Policy Center

Re: Opposition to HB1314, H.D. 1, Relating to Taxation

The Hawaiʻi Budget & Policy Center provides the following comments in opposition to House Bill 1314, House Draft 1, Relating to Taxation.

While we support the parts of this bill that would encourage counties to raise real property taxes with accompanying increases in homestead exemptions, and those that would give counties the authority to add a surcharge to transient accommodations taxes, **we strongly oppose Sections 9 and 10** that would eliminate state income taxes for individuals, corporations, and regulated investment companies.

Hawaiʻi's individual income tax structure is progressive, imposing higher tax rates on households as their incomes increase. In fiscal year 2019, individual income tax revenues amounted to $2.6 billion and accounted for 36 percent of general fund collections. Corporate income taxes that year provided another $164 million. This bill's proposal to eliminate these taxes is puzzling since it proposes no alternatives to replace them except to allow the state to withhold distribution of the transient accommodations tax to the counties. The amount so distributed in FY2019 amounted to $103 million, a small fraction of income tax collections.

Section 1 of the bill notes an intention to eliminate taxes in order provide financial security and stability to vulnerable working class and ALICE households. In fact, the budget cuts that would result from this measure would be devastating to them and to all residents as funds for public education, housing, the environment, and public services would, of necessity, be slashed.

Thank you for the opportunity to testify.

LEGISLATIVE TAX BILL SERVICE

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, REAL PROPERTY, INCOME, County Surcharge on TAT

BILL NUMBER: HB 1314, HD1

INTRODUCED BY: House Committee on Economic Development

EXECUTIVE SUMMARY: Authorizes each county to levy a county surcharge on transient accommodations tax if the county satisfies certain real property tax requirements. Repeals the allocation of transient accommodations tax revenue to the counties and makes conforming amendments. Establishes a residential property owner tax credit and a residential circuit breaker tax credit. Beginning with taxable years after 12/31/2021, gradually implements new individual income tax and corporation income tax brackets and rates in three-year intervals. Effective 7/1/2050.

SYNOPSIS: Adds a new section to chapter 46, HRS, to authorize counties to adopt a surcharge on TAT, if it meets the following conditions:

- Raise the property tax rates to no less than $5 per $1000 of assessed valuation in 2022; $7.50 in 2025; $10 in 2028; and $15 in 2031.
- Increase the home exemption for property tax to at least $_____.
- Lower the minimum age needed for the home exemption to _____.

Adds a new section to chapter 237D, HRS, regarding administration of the county surcharge on TAT.

Adds a new section to chapter 248, HRS, to provide for a "skim" of 5% of the gross collections of TAT surcharge that will be retained as State general fund realizations.

Amends section 87A-42, HRS, to delete the language mandating sequestration of the county's share of TAT moneys if the county has not made its required contributions toward Other Post-Employment Benefits for public workers such as pensions (ERS) and health benefits (EUTF).

Amends section 237D-6.5, HRS, to delete the current provision earmarking $103 million annually to the counties.

Adds a new section to chapter 235, HRS, to allow a refundable income tax credit of ___% of the real property tax paid by a qualified taxpayer on no more than the first $1 million of valuation. That section defines "qualified taxpayer" as a resident who pays real property taxes to a county of the State for a residential property that is used as the taxpayer's principal residence during the taxable year.

Adds a new section to chapter 235, HRS, to establish a refundable residential circuit breaker tax credit equal to ___% of the real property tax owed and paid by a qualified taxpayer. This section defines a "qualified taxpayer" as a resident who (1) Is sixty-five years of age or older; (2) Is not a dependent of another taxpayer; (3) Has a total earned income that is less than $20,000; and (4) Owns and occupies a residential property that is used as a principal residence and the assessed value of the residential property does not exceed $1,000,000.

Amends section 235-51, HRS, to phase out the individual income tax by 2030.

Amends section 235-71, HRS, to phase out the corporate income tax by 2030.

EFFECTIVE DATE: 7/1/2050.

STAFF COMMENTS: This bill represents an effort to phase out the individual and corporate income taxes by changing the focus to real property and transient accommodations taxes. There are still several blanks in the bill so it is not possible to prejudge the revenue impact, but in the trying times we are now in, we expect that the proponents of this bill are eyeing a net tax increase.

A tax increase of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs and overhead increase, employers must find ways to stay in business by either increasing prices to their customers or cut back on costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or even laying off workers. A tax increase of any magnitude would send many companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

We observe that the two major taxes collected by the Department of Taxation are now the general excise tax and the individual income tax. According to the DOTAX's annual report for FY2020, the GET brought in $3.44 billion; the individual income tax brought in $2.36 billion; and all other taxes combined brought in $1.65 billion. To replace the individual and corporate income taxes, the state would have to impose a whopping amount of tax just to stay even. Thus, there will be highly significant economic consequences accomplished by this bill – and most of them will need to come out of something other than the TAT, which is producing barely a trickle of income as the result of COVID-19 decimation of the hospitality industry.

Digested 2/8/2021

HB-1314-HD-1
Submitted on: 2/24/2021 9:08:49 AM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Alan B Burdick	Progressive Democrats of Hawaii	Oppose	No

Comments:

Progressive Democrats of Hawaii are in STRONG OPPOSITION to this bill, which would impose a seriously regressive tax structure on Hawaii. Our tax structure is already very regressive because of its heavy reliance on the General Excise Tax, with only a minimal rebate to low-income residents. This bill would make the situation much worse. Please defer this bill. Thank you for the opportunity to testify.

Alan B. Burdick

Co-chair, Progressive Democrats of Hawaii

MAUI CHAMBER OF COMMERCE
VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
THURSDAY, FEBRUARY 25, 2021 AT 12:00 P.M.

To The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair; and
Members of the Committee on Finance,

OPPOSE HB1314 HD1 RELATING TO TAXATION

Aloha, my name is Pamela Tumpap. I am the President of the Maui Chamber of Commerce, in the county most impacted by the COVID-19 pandemic in terms of our dependence on the visitor industry and corresponding rate of unemployment.

We strongly oppose this bill and understand our county does as well. We have detailed the Maui Chamber of Commerce's reasons for opposing the bill below.

While we appreciate the state is looking to run more like a business, we don't appreciate that the state is looking to charge the counties 5% to process handling the accounting should the county choose to establish the TAT surcharge. We are also concerned that the state is requiring the counties to increase their real property tax (RPT) to certain levels to achieve this benefit if they want or need it. Given that each county determines their own RPT rate schedule, we don't know what the impact will be for other counties, but the proposed rate schedule compared to Maui County's current RPT rates leaves us with the following concerns:

- We do not know what the exemption for homeowners would be and therefore, do not know what the hit to residents will be;
- The proposed RPT increases for 2022 will impact commercialized residential;
- Over time the proposed RPT increases will impact all business categories without a provision for a tax credit and we see none in this bill;
- Hotels & Resorts, Timeshares, and Short-Term Rentals will be hit by both the RPT and TAT increase down the road, both of which get passed on to visitors and increase the cost of coming to Hawaii, potentially challenging our market positioning in domestic and international markets; and
- This schedule is projected out too far since our recovery is expected to be slow and there are many uncertainties. How are businesses supposed to plan for this?

Testimony on HB1314 HD1
Page 2.

We are **DEEPLY CONCERNED** that the residential RPT credit cannot be applied to a property exceeding $1,000,000. While that number might have been reasonable 5 years ago, we have seen median home prices escalate over the last several years and it is way too low given recent sales. Back in August of 2019, the median home price in Maui was $837,500 and as of January 2021, the median home price in Maui was $980,000 (reported as of 2/9/21), which was considerably higher than Oahu's median home price of $890,000 for the same period. There are significant differences between counties, and this is not the time for the state to be dictating county RPT rates as our markets are clearly very different right now and into the foreseeable future. We have the same concern with the circuit breaker tax credit limit of $1,000,000 as many of our seniors have owned their properties for many years, with many being generational properties whose value in today's market exceeds $1,000,000 and, in some cases, could exceed several million dollars.

Further, if this bill passes it will automatically take away the county's share of TAT on December 31, 2021, which could occur before counties decide if they want to take the TAT surcharge and increase their RPT rates.

Lastly, while we appreciate the help to repeal the state income tax for residents and corporate income taxes for businesses gradually over 2022, 2025, 2028 and 2031 (a schedule that corresponds with the projected RPT increases by the counties), this is a complicated issue that requires further studies to assess the degree to which the repealed taxes will offset increases and the ultimate impacts on residents and businesses.

All counties should be in agreement before considering such a measure and the impacts on residents and businesses statewide should be well understood and presented to the public.

Mahalo for your consideration of our testimony and ask that you please defer this bill.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

Hawaiʻi Association of REALTORS®

808-733-7060
808-737-4977
1259 Aʻala Street, Suite 300
Honolulu, HI 96817

February 25, 2021

The Honorable Sylvia Luke, Chair
House Committee on Housing
Via Videoconference

RE: H.B. 1314, HD1, Relating to Taxation

HEARING: Thursday, February 25, 2021, at 12:00 p.m.

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, testifying on behalf of the Hawaiʻi Association of REALTORS® ("HAR"), the voice of real estate in Hawaiʻi, and its over 10,000 members. HAR **opposes** House Bill 1314, HD1, which authorizes each county to levy a county surcharge on transient accommodations tax if the county satisfies certain real property tax requirements. Repeals the allocation of transient accommodations tax revenue to the counties and makes conforming amendments. Establishes a residential property owner tax credit and a residential circuit breaker tax credit. Beginning with taxable years after 12/31/2021, gradually implements new individual income tax and corporation income tax brackets and rates in three-year intervals.

Under this measure, it proposes to increase the real property tax rates to no less than $15 per $1,000 by January 1, 2031, if it is not conservation. HAR would note that while each county has different property class rates, this measure would be devastating to our local businesses, such as agriculture, industrial and commercial. With our cost of doing business already so high, any additional property tax increase would be extremely difficult and these costs will more than likely be passed on to the consumer. To put this in perspective the following are the current rates to show how much more a business would have to pay in property tax at $15 per $1,000 by 2031:

	Hawaiʻi	Honolulu	Kauaʻi	Maui
Agriculture:	$9.35	$5.70	$6.75	$5.94
Commercial:	$10.70	$12.40	$8.10	$6.29
Industrial:	$10.70	$12.40	$8.10	$7.20

HAR would also note that local resident homeowners may also see their property tax rates jump depending on the homeowner exemption, which is unspecified. When someone purchases a home, property tax is factored in to what one can afford in their mortgage payments. A property tax rate increase of this size would hurt homeowners.

	Hawaiʻi	Honolulu	Kauaʻi	Maui (< $800,000)
Principal Residence:	$6.15	$3.50	$6.05	$2.51
Increase at $15 per $1000:	2.4x	4.3x	2.5x	5.9x

Finally, HAR would note that this would also affect Hawai‘i residents who invest in residential rentals, including affordable rentals. For example, Hawai‘i County has a special rate for affordable rental housing at $6.15 per $1,000.

A property tax increase of this magnitude would add to Hawaii's high cost of living by adding to the costs of goods, services and rents.

Mahalo for the opportunity to testify.

HAWAI'I
AMERICANS FOR DEMOCRATIC ACTION

OFFICERS	DIRECTORS			MAILING ADDRESS
John Bickel, President	Melodie Aduja	John Miller	Bill South	P.O. Box 23404
Alan Burdick, Vice President	Juliet Begley	Jenny Nomura	Zahava Zaidoff	Honolulu
Dave Nagajji, Treasurer	Stephanie Fitzpatrick	Stephen O'Harrow		Hawaii 96823
Doug Pyle, Secretary	Jan Lubin	Lyn Pyle		

February 24, 2021

TO: Chair Luke and members of FIN Committee

RE: HB 1314 HD1 Relating to Taxation

Opposition for hearing on Feb. 25

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We oppose HB1314 HD1 as it is regressive tax policy--specifically the provisions to eliminate state income taxes for individuals, corporations, and regulated investment companies. We see the Hawaii Budget & Policy Center's statement that in fiscal year 2019, individual income tax revenues amounted to $2.6 billion and accounted for 36 percent of general fund collections In a time of declining TAT revenue, this seems illogical.

Our tax structure is regressive because it relies a great deal on the GET. While property taxes are more progressive than GET, they are less progressive than income taxes.

Sincerely,
John Bickel, President

February 24, 2021

Representative Sylvia Luke, Chair
House Committee on Finance
Hawaii State Legislature

Opposition to HB1314 HD1

Dear Representative Luke and Members of the House Committee on Finance,

Thank you for the opportunity to provide our testimony on HB1314 HD1.

While we understand that the State Legislature is looking to address substantial budget shortfalls, the Kohala Coast Resort Association (KCRA) seriously **opposes** removing the TAT allocation provided to the counties. We are also **opposed** to allowing the counties to create their own separate TAT, as this will create a "pile-on" effect, where both county and state governments become even more reliant on the visitor industry.

Since the cap in the amount of TAT provided to the counties was instituted in 2012, we have seen the number of direct air seats to Hawaii Island more than double. We therefore believe that the counties should receive a larger portion of the TAT currently collected by the state to be able to adequately address that growth. However, during the last ten years an ever-greater percentage of TAT has remained in the state's general fund. In 2009, the amount of TAT left after earmarks to HTA, the counties, the convention center, and others was $7.8 million. This equated to 3.7% of all state TAT collections. In 2019, with caps placed on HTA, the counties, and the convention center, and additional specialty earmarks created for Turtle Bay, the Honolulu Rail project, and others, **the amount that remained in the state general fund was nearly $376,950,000 or 59.1% of all TAT allocations!**

This legislation clearly shows that there needs to be greater cooperation between state and county lawmakers. We heartily agree with Speaker Saiki's comments during his address a few weeks ago, where he shared that we must break down government silos to chart a new course. We have learned too well during the last year, the perils that ensue when government becomes too dependent on one industry to support our services and infrastructure. Unfortunately, this proposed legislation shows otherwise. Economists speculate that Hawaii's visitor industry will not recover until 2024. Now is not the time for us to shoulder any additional tax burden as it could further hamper our recovery.

KCRA is a collection of master-planned resorts and hotels, situated north of the Kona International Airport which represents more than 3,500 hotel and timeshare accommodations and an equal number of resort residential units. This is approximately 35 percent of the visitor accommodations available on the Island of Hawai`i. KCRA member properties annually pay more than $25 million in TAT, $25 million in GET and $11 million in county property taxes. KCRA members employ more than 5,000 Hawaii Island residents.

Sincerely,

Stephanie P. Donoho

Stephanie Donoho, Administrative Director

PO Box 6991, Kamuela, HI 96743 * (808) 747-5762 * kohalacoastresortassn@gmail.com * www.kohalacoastresorts.com

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-1314-HD-1
Submitted on: 2/25/2021 10:54:31 AM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Gregg Nelson	Napili Kai Beach Resort	Oppose	No

Comments:

Dear Finance Committee members,

I strongly oppose this bill. Any increase in TAT would place additional financial burden on visitors to our State at the exact same time we are trying to attract them back. Tourism in Hawaii will need all the help it can get to recover over the next two to three years. We can't do that by taxing visitors more.

As destinations open up in countries all over the world, travelers will have many options available and those destinations will be trying hard to attract visitors any way possible. If we want our destination to stand out positively in this competitive global market, we mustn't add additional taxes to the already expensive price tag of a vacation in Hawaii. Vote no on hb1314.

Mahalo for your consideration

Gregg Nelson

General Manager

Napili Kai Beach Resort

HB-1314-HD-1
Submitted on: 2/23/2021 3:27:55 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Noelani Ahia	Individual	Oppose	No

Comments:

I strongly oppose this bill.

HB-1314-HD-1
Submitted on: 2/23/2021 3:43:21 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Duke	Individual	Oppose	No

Comments:

As a kanaka of these lands I strongly Oppose the raising of Any type of taxes. During the covid pandemic. You need to get ahold of this pandemic situation right now. There's a triple standard of any type of care here in Hawaii. Tourist to Residence to Hawaiians...!!! Visitors get more care then Residence! visitors & residence get more care than Hawaiians. Get your shit straight ! Illegal occupying government.

HB-1314-HD-1
Submitted on: 2/23/2021 3:56:18 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
carol lee kamekona	Individual	Oppose	No

Comments:

I oppose the state requiring counties to levy certain real property taxes in order to receive their transient accommodations tax revenue. State should be dealing with their own issues rather than dipping into county coffers.

HB-1314-HD-1
Submitted on: 2/23/2021 4:10:30 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jordan Hocker	Individual	Oppose	No

Comments:

This bill is unnecessary. I oppose HB 1314 because I believe that each County operates within its own realm in order to meet the unique needs of the population, even while making up the whole of the state. To remove their ability to allocate for themselves seems like a move not beneficial to anyone.

HB-1314-HD-1
Submitted on: 2/23/2021 4:39:14 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
George Burnette	Individual	Oppose	No

Comments:

What a terrible idea it is to reduce monies to the counties during this time. Please oppose this.

HB-1314-HD-1
Submitted on: 2/23/2021 4:55:51 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sarah Reichert	Individual	Oppose	No

Comments:

Aloha,

I am opposed to HB1314 HD1 Relating to Taxation. This bill would strip the much needed funds from our counties. My county, Maui County, is very dependent upon the taxes from transient vacation rentals (TVR). The money used from the taxes help the community. Especially during Covid-19 when the Pandemic has affected so many people's lives in Maui, I believe this will be detrimental to our citizens where Maui has the highest unemployment rate. There are tens of thousands of TVR's in Maui and once more of the tourists come back Maui will be needing the jobs and taxes allocated from them. The funds would make cuts to some departments and programs that will deny services to our community. I do not understand why anyone would believe this is a smart move for ANY county in Hawaii. I hope by good conscious the legislators of Hawaii do NOT pass this Bill! It is with a heavy heart that I plead for the legislators to think of the consequences of this bill and please OPPOSE it!

Mahalo
Sarah Reichert

HB-1314-HD-1
Submitted on: 2/23/2021 5:03:02 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Curen Ohama	Individual	Oppose	No

Comments:

Aloha Kyle,

This is the last thing the community of Hawaii needs, this is hard times for 97% of us in Hawaii. As a resident of Pukalani... your district! This is shameful, and an obvious move to massage other Representatives backs. I'm sure 99% of the people who voted for you are disappointed in this Bill, & I will do my part in getting this out to them all.
this isn't the way.

HB-1314-HD-1
Submitted on: 2/23/2021 7:33:12 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Christy MacPherson	Individual	Oppose	No

Comments:

I strongly oppose HB1314 HD1 because Sections 9 and 10 would eliminate state income taxes for individuals, corporations, and regulated investment companies. Eliminating good progressive taxes like these makes no sense.

HB-1314-HD-1
Submitted on: 2/23/2021 10:05:08 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
francine Aarona	Individual	Oppose	No

Comments:

I oppose bill HB1314 relating to Taxation. Now is not the time for the state to take funds away from the counties. Collectively the state should understand that this is not the way to do business in an economic crisis. It's seems like high way robbery and blackmail.

How many residents of each county fully understand what you are proposing to do. When the county starts raising taxes that is beyond their means to adjust, what then. People are suffering already without you adding to their hardship.

Mahalo for allowing me to shareðŸ™• ðŸŒˆ

HB-1314-HD-1
Submitted on: 2/23/2021 10:13:24 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Lacques	Individual	Oppose	No

Comments:

Testimony in opposition because the transient accommodations tax should remain separate and not be linked with real property assessment.

HB-1314-HD-1
Submitted on: 2/24/2021 9:27:56 AM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michele Blair	Individual	Oppose	No

Comments:

Taking TAT away from the counties will damoen local incentive to invest in tourism and increases in property taxes will likely be needed to cover expenses, leaving residents to pay the consequences.

HB-1314-HD-1
Submitted on: 2/24/2021 10:08:35 AM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mavis Oliveira-Medeiros	Individual	Oppose	No

Comments:

Aloha House Members,

I oppose this bill, hearing that it'll affect greatly the amounts that our County receives. Stop making your portion higher, forcing Counties to raise their taxes to make up the difference. Please consider raising the amounts the County receives. Have you seen the County roads on Maui? I can send you all a video.

Mahalo,

Mavis Oliveira-Medeiros

HB-1314-HD-1
Submitted on: 2/24/2021 10:19:35 AM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Theresa M Thompson	Individual	Oppose	No

Comments:

This measure would repeal the allocation of Transient Accommodations Tax revenue to the counties.

HB-1314-HD-1
Submitted on: 2/24/2021 10:31:44 AM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Stephens	Individual	Oppose	No

Comments:

I oppose HB1314. Taking away the county portion of the TAT will force counties to raise real property taxes, further putting financial burden on the working families of Hawai'i

HB-1314-HD-1
Submitted on: 2/24/2021 11:43:18 AM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Karen J Comcowich	Individual	Oppose	No

Comments:

I appreciate the intent of this bill (to raise taxes on investment properties and second homes and to make Hawaii more affordable for residents).   But this is killing the chicken to gather her eggs. The counties that bear the burden of transient accommodations and tourism should receive more of the TAT not less. Taking that away to incentivize a better tax structure does not makes sense. Unless the money will be earmarked for education and conservation throughout the state.

Please OPPOSE this bill and try again.

HB-1314-HD-1
Submitted on: 2/24/2021 11:49:42 AM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Trinette Furtado	Individual	Oppose	No

Comments:

Aloha Mai KÄ• kou, Chair Luke, Vice Chair Cullen and Members of the Committee on Finance,

My name is Trinette Furtado, and I live on the island of Mauinui.

I am writing in **STRONG OPPOSITION to HB1314 HD1**, that would allow the state to retain the portion of Transient Accomodations Taxes it currently receives from my County, thereby forcing my County to raise property taxes to make up the difference and still provide the services TAT has historically funded.

I am well aware of the economic situation we are in as a state and as individual counties and strongly feel that there is more the state can be doing with intelligent austerity measures, that don‘t include Counties suffering due to the lack of the state‘s out-of-the-box thinking.

Many foreign investors/parttime residents already complain about property taxes because they erroneously believe that their TAT and GET go to the County for its operations. That makes it much more difficult for Counties to raise taxes, especially at a time when so many local fulltime residents are struggling to make ends meet.

I know that there are thinkers and innovators amongst you and hope that those of you who see the myopic nature of this proposed bill, will stand in opposition too, or make the necessary amendments that will not take ALL of our TAT away.

Mahalo for your time and attention.

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-1314-HD-1
Submitted on: 2/24/2021 1:02:34 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kai Nishiki	Individual	Oppose	No

Comments:

Do not take any more TAT away from the counties. The State already doesn't give the counties a fair share and now they want to take it all? No way! Instead, defund HTA completely, there's choke money that they waste having private promo parties, unnecessary ad campaigns and bloated salaries. We don't need to sell Hawaii, look, we are in a pandemic and we can't keep them away even with regulations.

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-1314-HD-1
Submitted on: 2/24/2021 6:04:15 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Nalani Kaninau	Individual	Oppose	No

Comments:

Awe!! Please DO NOT relay on outer-island citizens to make up for the shortfall of Oahu's budget. We need our own TAT income and DON'T NEED higher property taxes. Shame on you

HB-1314-HD-1
Submitted on: 2/24/2021 7:50:42 PM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michelei Tancayo	Individual	Oppose	No

Comments:

We are at an affordable housing crisis right now. Being born and raised in Hawaii, I'm afraid that my children won't be able to live where it's their birth right as a Native Hawaiian. To own a home is a blessing upon my Ohana. I always have to worry about Property taxes being raised year after year to balance any kind of Budget. For my OHANA I need to worry about having a home to LIVE IN, that we can keep and pass on, especially when our LOCAL homes are starting to turn into 2nd and 3rd generations living under one roof.

There was a time when transient accommodations were kept in their designated resort/hotel area. But now these transient accomodations have moved into our communities and are taking a toll. It is the responsibility of these transient accommodations to remedy any and all task/toll for being allowed in Communities. It shouldn't be my responsibility to bear the cost by rasing my property tax. And I'm disappointed that the State wants to take this financial responsibility transient accommodation tax and leave the burden upon the County's residence, LOCAL homeowners WHO live 24/7, 365 days a year in their HOMES.

WE NEED the transiet accommodations tax to stay with the County's that they RESIDE IN! To be used for the protection, preservation, maintenance and enhancement of the natural resources, including beaches which LOCAL families are being pushed out of. Beaches who only had families here and there, now have every square inch taken by a visitor. We need the tax for the planning, construction and repair of facilities at beaches that are now being overrun, especially providing porta potties at beaches that don't have facilities, so these visitors don't use the ocean and the beaches as their bathroom

I live across Wahikuli Beach in Lahaina. Our Ohana would go to this beach as well as Hanakao'o beach regularly about 3 to 4 times a week prior to COVID. Any and ALL transient accommodatoins within the area of Wahikuli and Hanakao'o beach should be obligated to provide financial relief with taxes to this County because their patrons are using these locations as part of their vacation destination.

KEEP THE TRANSIENT ACCOMMODATION TAX WITH THE COUNTIES!

MAHALO!

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-1314-HD-1
Submitted on: 2/25/2021 9:56:17 AM
Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Emily Ventura	Individual	Oppose	No

Comments:

This bill is not written with the people of the outer islands in mind. Already in Maui we shoulder a large percentage of the tourist "burden" without fully reaping the benefits of the TAT generated. With tourist season, our island is more crowded, our streets have more traffic, and our resources are more taxed. With a higher amount of tourists, more lifeguards need to be provided on beaches, there are more tourists in our (small) hospitals, and our emergency services are more taxed. As it is, the county portion of the TAT only covers a percentage of this. This bill would put all of the financial burden on the residents of Maui county through property taxes. Perhaps the authors are looking at property tax rates in Oahu and trying to line outer islands up with that? Maui's working economy is not as robust as Oahu, and it is unrealistic and unfair to require more rural communities to pay what our urban center does. If TAT distrubution is changed, it should be changed to reflect the percentage of tourists in each county, not to benefit those who do not bear the full burden of the generator of this income.