

# Hawaii State Association of Counties

Counties of Kauai, Maui and Hawaii, City & County of Honolulu



MINUTES  
HSAC GENERAL MEMBERSHIP MEETING  
October 22, 2013  
Honolulu Hale, Council Committee Room  
Honolulu, Hawaii

I. CALL TO ORDER

The HSAC General Membership meeting was called to order by President Mel Rapozo at 10:55 a.m. The following members comprising a quorum were present:

County of Kauai: President Mel Rapozo

County of Hawaii: Vice President Dennis "Fresh" Onishi

City and County of Honolulu: Secretary Stanley Chang

County of Maui: Treasurer Michael Victorino

Others Present:

Hawaii County Council Chair J Yoshimoto  
Honolulu City Council Chair Ernest Martin  
Kauai County Council Chair Jay Furfaro  
Maui County Council Chair Gladys Baisa

Hawaii County Councilmember Greggor Ilagan  
Hawaii County Councilmember Dru Kanuha  
Hawaii County Councilmember Valerie Poindexter

Kauai County Councilmember Tim Bynum  
Kauai County Councilmember Gary Hooser  
Kauai County Councilmember JoAnn Yukimura  
Maui County Councilmember Robert Carroll  
Maui County Councilmember Donald Couch  
Maui County Councilmember Stacy Crivello  
Maui County Councilmember Don Guzman  
Maui County Councilmember G. Riki Hokama  
Maui County Councilmember Mike White

Kauai County Mayor Bernard Carvalho  
Honolulu City and County Mayor Kirk Caldwell



Kevin Dayton, Hawaii County Mayoral staff  
Ray Soon, Honolulu Mayor's Chief of Staff  
Danny Mateo, Maui County Mayoral staff

Honolulu staff Denisse Gee  
Honolulu staff Michael Leong  
Honolulu staff Brandon Mitsuda  
Kauai staff Ashley Bunda  
Maui staff Kirsten Hamman  
Maui staff Morris Haole

## II. APPROVAL OF AGENDA

The Membership approved the agenda.

## III. NEW BUSINESS

- A. Discussion relating to the HSAC Lobbying Plan in preparation of the 2014 Hawaii state Legislative session and the proposed 2014 HSAC Legislative Package.

Vice President Onishi informed the Membership that the Hawaii County Council delayed a final vote on the 2014 HSAC Legislative Package because the Council was surprised at the number of legislative proposals that were rejected by other counties.

President Rapozo explained that HSAC bylaws require every County Council to approve a particular legislative proposal in order for the proposal to be included in the final HSAC Legislative Package. As such, legislative proposals that are rejected by at least one county cannot be included in the final HSAC Legislative Package. He informed the Membership that the counties of Kauai and Maui had collectively rejected nine legislative proposals.

Treasurer Victorino reminded the Membership that Maui County has been consistent in supporting the concept that the HSAC Legislative Package should only have six prioritized proposals so that this package does not get "lost in the shuffle" during the upcoming state legislative session. He further reminded the Membership that each county will have their own individual county legislative packages to advocate at the state Legislature.

Vice President Onishi reminded the Membership that in the past the Executive Committee (Committee) has routinely approved all legislative proposals forwarded by each county. He questioned whether the remaining legislative proposals to be included in the 2014 HSAC Legislative Package represent all four counties' legislative priorities.

President Rapozo reminded the Membership that the HSAC bylaws provision requiring a unanimous vote has been in place since the inception of HSAC to ensure that each county has an equal voice and no one county can be silenced through a majority vote.

Maui County Council Chair Baisa reminded the Membership that at past Committee discussions regarding the 2014 HSAC Legislative Package, attending county council legislators and county Mayors agreed that crafting a legislative package with only five or six top priorities is key to a successful counties lobbying strategy during the upcoming state legislative session.

Kauai County Councilmember Yukimura proposed that the Committee create a guideline that the legislative package should include only common county concerns and core issues, such as the repeal of the sunset date for the beach liability exemptions, for the 2015 HSAC Legislative Package.

Hawaii County Councilmember Ilagan proposed that if the HSAC legislative package is being crafted to have a small but prioritized number of proposals then each county should only be able to submit and have accepted one or two legislative proposals in total, thus ensuring that each county has an equitable share of proposals included in the legislative package. Hawaii County Councilmember Poindexter proposed a similar methodology.

In response to a query, Kauai County Mayor Carvalho responded that his administration and the Hawaii Council of Mayors (HCOM) are most interested in three legislative proposals, as follows: 1) Repealing the sunset date on the beach liability exemptions; 2) Preserving or increasing the counties' allocation of the transient accommodation tax (TAT); and 3) Broadening the counties' authority to levy a surcharge to the state's general excise tax (GET). He opined that the upcoming legislative session represents an invaluable opportunity for county councils and mayors to present a strong collective force at the state Legislature.

Vice President Onishi reminded the Membership that Kauai County Council rejected Hawaii County's legislative proposal regarding the TAT and as this was the only legislative proposal dealing with the TAT, HSAC could not include any TAT legislative proposal in abidance with current HSAC bylaws. President Rapozo and Kauai County Mayor Carvalho explained to the Membership that Kauai County rejected Hawaii County's TAT proposal because it proposed a doubling of the TAT monies to be allocated to the counties. President Rapozo expressed Kauai County's continued interest to include an alternate TAT proposal in the HSAC Legislative Package. President Rapozo reminded the Membership that

Section 12 of the HSAC bylaws states: "The Executive Committee may add legislative items to the HSAC Legislative Package during the Legislative Session if the measures promote the counties' home rule authority and/or increase the counties' revenue."

Mayor Caldwell opined that the counties are wholly justified in receiving a larger share of the TAT because it is the counties that pay for the infrastructure (i.e., county lifeguards, maintenance of county roads, maintenance of the world famous county beach parks, county sewage systems, etc.) that tourists and the visitor industry rely upon. He stated that at a minimum, the counties' TAT cap should be lifted and opined that the counties should collectively seek more TAT monies. He further stated that the counties should be prepared with a collective response if the state Legislature proposed to eliminate the counties' share of the TAT altogether in exchange for broadening the counties' authority to levy a surcharge to the state's GET.

Mr. Mateo, representing Maui County Mayor Arakawa, emphasized that the time is now for the counties to unite and unify. He opined that in the past HSAC has had no visibility at the state Legislature in part due to the fractious relationship between the counties. He informed the Membership that Maui County Mayor Arakawa considers HCOM's top three priorities which were explained by Kauai County Mayor Carvalho as the legislative proposals that all four counties should rally behind. Kauai County Mayor Carvalho informed the Membership that Hawaii County Mayor Kenoi is the HCOM Chairman and as such is also in support of HCOM's top three priorities.

Maui County Council Chair Baisa and Maui County Councilmember White both opined that the state Legislature will try to "divide and conquer" the four counties, unless HSAC, HCOM and the four counties make a concerted effort to stand together consistently throughout the upcoming state legislative session.

Maui County Councilmember Hokama opined that despite his past refusal to hire and fund an HSAC lobbyist, based on current Membership discussions, he proposed that each county consider appropriating general fund monies to fund a single lobbyist to represent all four counties, HSAC, and HCOM at the upcoming state legislative session. He concluded by stating that if the HSAC lobbyist is successful at the upcoming state legislative session, the Committee may then consider using HSAC revenues to continue funding the lobbyist.

This item was received and filed.

B. Discussion relating to the HSAC 2014 Legislative Priority Policy Statement.

Secretary Chang explained to the Membership that similar organizations to HSAC, such as the Washington State Association of Counties or NACo have used a similar lobbying tool as his proposal. He envisioned that the final written product would be one-sheet of bullet pointed legislative priorities. He opined that a HSAC Legislative Priority Policy Statement would provide HSAC with greater flexibility and responsiveness that is invaluable during the fast-paced state legislative session. He further opined that the 2014 HSAC Legislative Priority Policy Statement could be limited to the two broad categories that are already covered by current HSAC Bylaws and discussed earlier, namely 1) Counties' Home Rule Authority; and 2) Increasing the Counties' Revenues.

Kauai County Councilmember Yukimura proposed that HSAC instead prepare a "portfolio" of legislative policy positions. She outlined several legislative proposals that she would be in particular support of including her portfolio proposal. She informed the Committee that she presented her portfolio proposal at the last Kauai County Council Intergovernmental Relations (IGR) Committee and was encouraged by IGR members to present this proposal to the Membership.

This item was received and filed.

The Membership recessed at 12:15 p.m.

The Membership reconvened at 12:35 p.m.

C. Discussion relating to the Transient Accommodations Tax and the Counties' taxing authorities.

Maui County Councilmember Hokama expressed concerns with the GET legislative proposals. He instead expressed support of the various proposed TAT legislative proposals. He opined that any collective county strategy regarding TAT or GET should not jeopardize the counties' state grant-in-aid monies.

Hawaii County Council Chair Yoshimoto informed the Membership that he had introduced a County Resolution to remove the counties' TAT allocation cap altogether. He opined that removing the TAT cap should be the counties' starting negotiation point with the state Legislature.

Kauai County Council Chair Furfaro expressed preliminary support for Hawaii County Council Chair Yoshimoto's proposal to remove the TAT cap for counties. He further expressed his support for HCOM's top three legislative priorities as discussed earlier.

Maui County Councilmember White distributed to the Membership spreadsheets that he prepared that tracked historical TAT revenue for the years 2007 through 2012, estimated projected 2013 TAT revenue and calculated the amount of TAT revenue allocated to the counties based on the recently enacted statutory TAT cap. Based on his calculations, he informed the Membership that in 2012, Hawaii County generated approximately 11.0%, the City and County of Honolulu generated approximately 46.6%, Kauai County generated approximately 10.4%, and Maui County generated 32.7% of all TAT revenues. He noted that his calculations were based on information in the "Hawaii Hotel Flash Report" provided by Hospitality Advisors, LLC and "Visitor Plant Inventory" provided by the Hawaii Tourism Authority. He concluded by stating that the neighbor island counties generate more TAT revenues than customarily assumed.

Treasurer Victorino confirmed with Maui County Councilmember White that it is the Senate President that is the primary political driver for the counties to levy a surcharge to the state GET and not the Senate Ways and Means Chairperson, House Finance Chairperson or the Speaker of the House of Representatives. Treasurer Victorino stated that he is more supportive of the counties preserving, increasing, or removing the cap on the TAT because of the direct relationship between the visitor industry and county infrastructure maintenance and county services.

President Rapozo informed the Membership that in his individual conversations with Senate President Donna Mercado Kim, it is very clear that her position is that the TAT revenues should be wholly deposited into the state's general fund; despite the logical connection between county services and the visitor industry. He opined that the state Legislature is punting to the four counties the burden of raising taxes if the counties agree to levy a county surcharge to the state GET for broad and general purposes.

Maui County Council Chair Baisa emphasized for the Membership that the state legislative session opens in January and at that time HSAC and the four counties must present a united front. She reminded the Membership that the state is comprised of the four counties. She opined that the state Legislature must be reminded that it has an obligation to the counties to adjust the TAT allocations. She further opined that a county surcharge to the GET must be "Plan B" for the counties in the event that the state refuses to make any adjustments to the TAT.

This item was received and filed.

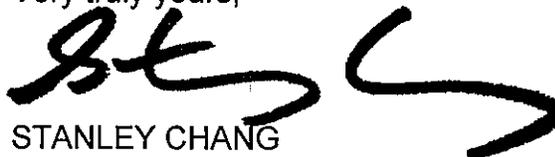
IV. ANNOUNCEMENTS

There were no announcements.

V. ADJOURNMENT

The meeting was adjourned at 2:00 p.m.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Stanley Chang', written in a cursive style.

STANLEY CHANG

Secretary

Hawaii State Association of Counties