

# Hawai'i State Association of Counties (HSAC)

Counties of Kaua'i, Maui, Hawai'i and City & County of Honolulu

[www.hicounties.com](http://www.hicounties.com)



MINUTES  
HSAC EXECUTIVE COMMITTEE MEETING  
February 12, 2016  
Honolulu Hale, Committee Meeting Room  
530 South King Street  
Honolulu, Hawai'i 96813

## I. CALL TO ORDER

The HSAC Executive Committee was called to order by HSAC President and County of Maui Councilmember Michael Victorino at 10:18 a.m. The following members comprising a quorum were present:

|                              |  |
|------------------------------|--|
| County of Maui:              | President Michael Victorino,<br>County of Maui Councilmember   |
| County of Hawai'i:           | Vice President Dennis "Fresh" Onishi,<br>County of Hawai'i Councilmember   |
| County of Kaua'i:            | Secretary Mel Rapozo,<br>County of Kaua'i Council Chair  |
| City and County of Honolulu: | Treasurer Ikaika Anderson,<br>City and County of Honolulu Council<br>Vice Chair                                  |
| Others Present:              | Councilmember Gladys Baisa,<br>County of Maui  |
|                              | Honolulu staff Lisa-Ann Kimura,<br>Legislative Analyst, Office of Council<br>Services;                           |
|                              | Honolulu staff Brandon Mitsuda,<br>Council Liaison, Honolulu City<br>Council Administrative Support<br>Services; |
|                              | Honolulu staff Francisco Figueiredo,<br>Legislative Aide, Office of<br>Councilmember Ikaika Anderson;            |



Maui staff Kit Zulueta, Communication  
Director, Office of Council Services;  
Maui staff Nicole Kahinu, Office of  
Council Services;  
Kaua'i staff Aida Kawamura, Legislative  
Assistant, Council Services Division.

## II. APPROVAL OF AGENDA

Treasurer Anderson moved for approval of the Agenda as submitted, seconded by Secretary Rapozo, and unanimously carried.

## III. MINUTES

President Victorino noted that the HSAC Executive Committee, at its meeting on January 19, 2016, approved New Business Item D, transfer of signatories from Maui County to Hawai'i County, but it did not reflect the names of the designated signatories. To assist Hawai'i County with their conference planning, President Victorino issued an authorization letter to comply with Bank of Hawai'i's requirement for authorization of names as account signatories.

President Victorino recommended that the Minutes of the January 19, 2016 HSAC Executive Committee meeting be amended to reflect approval of authorized bank signatories as follows:

### "V. NEW BUSINESS

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- D. Discussion and approval of authorized signatures for the 2016 HSAC Conference Bank Account.

The Committee approved authorization of Dennis "Fresh" Onishi, HSAC Vice President, and Susan Caseria, Legislative Specialist-Legislative Research Branch, County of Hawai'i, as bank signatories for the 2016 HSAC Conference Bank Account.

~~[There being no discussion, a]~~ A motion was made, seconded, and approved to approve the item."



Treasurer Anderson moved to amend the Minutes of the January 19, 2016 HSAC Executive Meeting as stated, seconded by Vice President Onishi, and unanimously carried.

Vice President Onishi moved for approval of the Minutes of the January 19, 2016 HSAC Executive Committee Meeting as amended, seconded by Treasurer Anderson, and unanimously carried.

#### IV. REPORTS

##### A. Treasurer's Report

1. Treasurer's Report for the month of January 2016, as submitted by the HSAC President for the Treasurer.

For the January 2016 report, President Victorino reported revenue of \$1,124 from the NACo Prescription Drug Program, while expenses included Executive Committee travel, WIR travel, and the legislative luncheon, for an ending balance of \$217,468.42. Additionally, staff from Maui County will provide formal training to O'ahu staff to assume the duty of HSAC Treasurer after today's meeting, and a request for reimbursement of travel expenses for this purpose will come up under New Business.

There being no discussion or questions, Secretary Rapozo moved for approval of the report, seconded by Treasurer Anderson, and unanimously carried.

##### B. County Reports

(The reports were taken out of order to allow Treasurer Anderson time to prepare for his report.)

1. Hawai'i County Report. Vice President Onishi reported that there has not been much happening on the County of Hawai'i, except that their Committee will be discussing a proposed amendment regarding banning the use of Styrofoam at a meeting on Tuesday, February 16, 2016, at which time he anticipates much discussion. Also, Hawai'i County Council is still considering implementing the GET surcharge. Planning of the HSAC Conference is moving along and the conference dates are June 22 – 24, 2016. Sheraton Keahou is confirmed as the hotel site, and the hotel has agreed to offer conferees the same hotel rates for two days prior and two



days after the conference dates. The University of Hilo Conference Committee is assisting with organizing the conference registration, developing the website, and some of the logistics. The Executive Committee Meeting and the General Membership meeting will take place on the first day of the conference. The second day will feature excursions and activities for the conferees and their guests. Conference speakers, dialogue, and questions and answers will take place on the third day.

2. Kaua'i County Report. Secretary Rapozo reported that Kaua'i County is quiet as well. The GET matter was deferred in committee, and it does not look like it will receive support from the full Council. The Council is reconsidering its position regarding the TAT, based on the actions of the Legislature, which will be discussed in length later during the legislative update. Councilmembers will be meeting with Kaua'i's Legislative Delegation on February 14, 2016 to get a sense of their position on the TAT, but it does not look favorable. Maui County's Committee passed a resolution on the matter, which hopefully will be approved by the full Council, and Kaua'i County will be submitting something similar, although not as aggressive and depending on the discussion that takes place on February 14, 2016. Other than that, everyone is preparing for the upcoming budget and waiting to see what happens with the TAT. For Kaua'i, the Council met on Wednesday and a majority of the members feel strongly that the counties need to take a stand on the TAT issue.
  
3. City and County of Honolulu Report. Treasurer Anderson reported that at the Council Meeting of January 27, 2016, the Council passed on third reading and adopted Bill 23 (2015), Floor Draft 1, relating to the transportation surcharge, which allows for a five year extension of the GET surcharge approved by the Legislature for the rail project, and instituting a cap on the amount of revenue that will be available to the Honolulu Authority for Rapid Transportation. The Council also adopted Resolution 16-2, amending the unit affordability threshold and affordable unit types and other changes for the Kapi'olani affordable and market-rate condominium project near Ala Moana. These units will be marketed at substantially lower prices than neighboring condominiums marketed by Howard Hughes and others, and is a solid component of transit-oriented development, which will go a



long way in providing additional affordable housing to working class residents near the planned transit station at Ala Moana. The Council also adopted Resolution 16-11, Committee Draft 1, authorizing exemption from certain requirements relating to the Kapolei mixed use affordable and market rate housing project. The Council hosted 10 students from the Tsun Jin No. 3 Senior High School in China. The Council is also working on strengthening relationships with Nagaoka City, Japan, in preparation for the upcoming Honolulu Festival on March 11-13, 2016.

Vice President Onishi questioned whether the Federal Government endorsed the cap on the GET. Treasurer Anderson stated that HART CEO Daniel Grabauskus informed the City Council that he contacted Federal Transit Administration, who did not state any objections and were comfortable with the proposal. It is common knowledge that HART is facing a \$1.1 billion shortfall, so every penny derived from the extended GET surcharge should go to the rail project. An option would be to go back to constituents and inform them the Council would be seeking another extension of the surcharge and approval from the Legislature.

4. County of Maui Report. President Victorino reported that the Lānaʻi Community Plan passed on first reading, and a public hearing on Lānaʻi is scheduled for March 12, 2016 to provide the community an opportunity to express concerns or agreement with the plan. On February 9, 2016, the Policy Committee approved the TAT resolution supporting a 50/50 split introduced by Chair Mike White, and will most likely be adopted by the full Council on February 19, 2016. The Council also adopted a Resolution urging the legislature to support a bill for a program to allow cultivation of industrial hemp and distribution of seeds in Hawaiʻi for the purpose of agriculture and academic research. Several transit-related measures advanced, including putting advertising in buses, budget amendments for the Keʻanae Road Repairs in East Maui, and conducting an extensive South Maui Regional Traffic Master Plan. Surf report of big waves at Hoʻokipa and Windmills, and incidents of brush fires. Like its neighbor counties, Maui County is closely watching what happens with the TAT, because of the differences between what the Working Group recommended, what Maui County is pushing for, and what Senate Ways and Means



Chair Jill Tokuda proposed, as well as other legislation regarding the TAT.

There being no further discussion, Vice President Onishi moved to approve the reports from the counties, seconded by Secretary Rapozo, and unanimously carried.

C. National Association of Counties (NACo) Report

President Victorino noted that the Legislative Conference is scheduled for February 20 – 24, 2016. The following Councilmembers are scheduled to attend: Hawai'i County – Councilmember Dennis "Fresh" Onishi, Councilmember Danny Paleka; Kaua'i County – Councilmember KipuKai Kualii, Councilmember Arryl Kaneshiro; City & County of Honolulu – Councilmember Ikaika Anderson; Maui County has five Councilmembers attending the conference. A breakfast meeting with NACo's Second Vice President is scheduled for February 24, 2016. Capitol Hill Visits are also scheduled for February 24, 2016, with the exception of Senator Brian Schatz, which is scheduled for February 23, 2016. President Victorino requested to be informed of any other member not included in this list who will be attending the conference, so that accommodations can be made for their presence.

The Conference offers educational programs, seminars, and visits not only to the Capitol, but to the Department of Labor and the Department of Transportation. President Victorino is Vice Chair of the Environment, Energy, and Land Use Committee, which is having a get together on Tuesday afternoon. He asked members to share any other news that may be of interest to other members.

D. WIR Report

President Victorino noted that HSAC's WIR representatives Councilmember Danny Paleka, County of Hawai'i, and Council Chair Mike White, County of Maui, will be attending the WIR meeting scheduled during the conference.

Treasurer Anderson moved for approval of the NACo and WIR reports, seconded by Secretary Rapozo, and unanimously carried.



V. NEW BUSINESS

- A. Communication dated January 1, 2016 from City and County of Honolulu Clerk Glen Takahashi, transmitting for the Executive Committee's information Resolution 16-3, "RELATING TO THE 2016 HAWAII STATE ASSOCIATION OF COUNTIES LEGISLATIVE PACKAGE," which was adopted on January 6, 2016.

Secretary Rapozo moved to receive the communication for the record, seconded by Treasurer Anderson, and unanimously carried.

- B. Memorandum dated February 5, 2016 from the HSAC President, entitled "INCREASED HSAC COMMUNICATION EFFORTS AND FUNDING AUTHORIZATION FOR STAFF DURING TRANSITION."

President Victorino announced that HSAC has a website, [www.hicounties.com](http://www.hicounties.com), where conference details will be posted, as well as agendas and minutes. Second, he requested approval for HSAC to reimburse travel costs for airfare and ground transportation related to providing training for the HSAC Treasurer for this transition period.

Treasurer Anderson moved to approve reimbursement for costs related to the HSAC Treasurer's training, seconded by Secretary Rapozo, and unanimously carried.

President Victorino requested that the Committee approve a new official letterhead as shown on this memorandum dated February 5, 2016. This format makes HSAC much more recognizable when submitting testimony to the Legislature, as well as the seals would not fade out for photocopying purposes. Vice President Onishi stated his preference for keeping the islands watermark in the background. Secretary Rapozo suggested combining the proposed letterhead using the HSAC seal, with the islands and county seals watermark. President Victorino noted that this format will be the official letterhead for all HSAC communications and documents going forward.

Secretary Rapozo moved to approve a new official letterhead with the HSAC seal placed at the top right-hand corner, remove the HSAC seal from the watermark, and keep the county seals and islands watermark, seconded by Treasurer Anderson, and unanimously carried.



C. State Legislature update and discussion on lobbying efforts.

President Victorino shared a 2016 Legislative Bill Tracking report compiled by Maui County's legislative staff.

SB 2987, Relating to Transient Accommodations Tax (TAT), is Senator Jill Tokuda's proposal. WAM Chair Tokuda has stated that although the counties have compelling evidence, she felt that the Legislature preferred to take this direction. The proposal makes permanent an annual allocation of \$103,000,000 of TAT to the counties, and establishes a state-county functions working group on July 1, 2022, to recommend allocation of the TAT between the state and the counties based on division of duties and responsibilities for the provision of public services. Maui County Council Chair Mike White was very upset when he saw this proposal and immediately sent testimony in opposition, as did Kaua'i County Council Chair Rapozo. President Victorino is considering sending a letter in opposition from HSAC, and asked for the Committee's comments.

Secretary Rapozo noted that he sent testimony in opposition because this measure goes completely against what HSAC agreed to support, with the exception of Maui County. This is an insult to the counties and considered as quiet money, while keeping the cap in place. It was evident that Representative Sylvia Luke and Representative Jimmy Tokioka avoided his presence at the Capitol yesterday, although he was able to speak with Representative Derek Kawakami. It is clear that the Legislature intends to keep the cap on the counties' distribution, regardless of the increase in TAT revenue, as well as GET revenues, generated by the increased number of visitors and their spending. Additionally, a meeting with Kaua'i's delegation is scheduled for Sunday, February 14, 2016, with the exception of Representative Kawakami who has declined to meet on that day. The Kaua'i delegation will be reminded that they represent the same constituents as the counties, and be informed that HSAC may consider funding an advertising campaign which lists those legislators negatively impacting the counties' ability to receive their fair share of the TAT, and this action may affect outcomes at the November elections. Further, Secretary Rapozo took offense with the bill's language, "The legislature finds that the allocation of an amount definitely set, rather than calculated as a percentage of revenues, promotes better budgetary practice," in that it implies that the counties cannot manage their budgets, and having a set, stable amount of money will eliminate the "guessing" done when formulating the county's fiscal



budget plan. The trend is for TAT funds to increase every year, and the State will enjoy that benefit to the detriment of the counties.

President Victorino noted that Maui Council Chair Mike White is scheduled to make a presentation regarding TAT to the Hawai'i County Council on March 1, 2016. He noted that a fixed amount of TAT funding is not part of HSAC's package. SB 2987 is not a cap; it is a permanent, fixed amount until 2023. If another major economic downturn occurs, such as 9-11, would this allocation remain the same? This proposal also earmarks \$82 million to the tourism special fund, of which \$2 million will be expended for development and implementation of initiatives to take advantage of expanded visa programs and increased travel opportunities for international visitors to Hawai'i, which leaves out the counties of Maui and Kaua'i who cannot accommodate entry of international flights.

Vice President Onishi noted that because a Customs Department is not present in Hawai'i County, international flights cannot land on the Big Island. The establishment of a Customs Department on the Big Island is not in the near future.

President Victorino also noted that the Convention Center, which has never been profitable or broke-even, is another benefactor of TAT funds.

Secretary Rapozo stated that letters were sent to Judge Acoba (Retired), Jill Tokuda and Sylvia Luke, and to Kaua'i's delegation asking for an explanation of their position and what action they would be taking. Judge Acoba (Retired) was the only person to respond, and said that the Working Group's task is complete and that their recommendation is with the Legislature. He did not address the specific question posed regarding Ms. Tokuda's and Ms. Luke's comments that the Working Group did not follow instructions. No other responses were received.

Secretary Rapozo asked if O'ahu and Big Island representatives agreed with SB 2987. Treasurer Anderson said that it certainly is not what the HSAC Executive Committee asked for and agreed to endorse and support. Vice President Onishi was also not satisfied with the proposal and asked, what can we do. HSAC has worked on this issue for many, many years and has never gotten any movement for support from the Legislature. Maybe it is time that the public be informed, and utilizing moneys from HSAC to promote how unfair the counties are treated and having each island's legislator be accountable. The neighbor island



legislators could be affected, but are outnumbered by the O'ahu legislators in both the House and the Senate. Kaua'i County and Maui County should be lobbying their island representatives who lead the House (Speaker Souki) and the Senate (Senate President Kouchi), and get them onboard with the counties to have a chance at succeeding. Secretary Rapozo stated that Representative Morikawa is the only Kaua'i legislator who stated support for the Working Group's recommendation. Senator Jill Tokuda did not author SB 2987 alone, but in collaboration with other Senate and House leadership. The Governor has also stated his non-support for increasing the counties' share of TAT revenues. Vice President Onishi stated that he was told by Representative Lowen to raise real property tax rates. Senate President Kouchi's message to Kaua'i County is it can implement the GET surcharge. GET moneys are restricted and cannot be used for parks purposes, and the Legislators are very knowledgeable of this fact.

Secretary Rapozo suggested that HSAC hire someone to initiate a publicity campaign, if that is the desired direction. This campaign could affect the elections of neighbor island legislators, but Vice President Onishi is correct that O'ahu legislators are the majority. Treasurer Anderson said that this will be a tough campaign to educate the public on the issue and then to get them to mobilize. President Victorino noted that Maui Legislators' response is that the Legislature appropriated approximately \$40 million to purchase 256 acres at Lipoa Pointe to be put in preservation. Secretary Rapozo added that Kaua'i County also received \$2.5 million for Mānā Race Track.

President Victorino believed that SB 2987 is the Legislators' attempt to prevent the counties from negotiating starting from top dollar and then bringing it down, because of Chair White's presentation. In discussions with Speaker Souki, the Legislature is dictating what the counties are getting rather than listening to what the counties are requesting. Maui Mayor Arakawa also expressed disappointment but wanted more time to think about supporting Maui Council's direction.

Vice President Onishi stated that he was warned in 2009 that the neighbor island counties should be wary of offending legislators when asking for funding from the TAT. O'ahu legislators, who carry the majority in both houses, may be inclined to recommend that each island get just what is produced on each island, leaving the bulk of TAT on



O'ahu where it is derived. It is very important to build a relationship with the Legislators, as well as getting the Governor's support.

HB 1554, Relating to TAT. Speaker Souki has stated he supports the 45% TAT allocation to the counties. President Victorino asked if the committee wants to support this measure. HB 1554 has been amended and reported out of the House Tourism Committee and referred to the House Finance Committee. Secretary Rapozo believed that HSAC would be in a better position supporting a measure rather than opposing one. Vice President Onishi recommended scheduling something with the members of the Finance Committee to discuss HB 1554; President Victorino agreed that now would be HSAC's opportunity to educate the members of the Finance Committee.

(While waiting for copies of HB 1554, the Committee proceeded to discuss other measures on the tracking list.)

SB 405 / HB 194, Relating to Abuse of Family or Household Members. No hearing yet.

SB 406 / HB 195, Relating to Hawai'i Health Systems Corporation Primary Care Training Program. No hearing at this point.

SB 409 / HB 198, Relating to Zoning. Referred to Water and Land and Finance Committees.

SB 2118 / HB 1641, Relating to Persons with Disabilities. Both bills have been deferred in committee.

SB 2119 / HB 1642, Relating to Counties. Senate bill referred to Committees on Public Safety, Intergovernmental and Military Affairs and Ways and Means. House bill referred to Committee on Finance.

SB 2120 / HB 1643, Relating to Tort Liability. No hearing scheduled in either Senate or House.

SB 2121 / HB 1644, Relating to Public Agency Meetings and Records. Senate bill referred to Committees on Public Safety, Intergovernmental and Military Affairs and Judiciary. House bill referred to Judiciary. No hearing scheduled.



SB 2122 / HB 1645, Relating to Mopeds. Senate bill deferred in Transportation and Energy Committee. House bill not heard.

SB 2123, Relating to Zoning. Senate bill passed with amendments. House bill not heard.

SB 407 / HB 196, Relating to Evidence. No hearing in either Senate or House.

President Victorino noted that both SB 2118 and HB 1641, relating to persons with disabilities, are dead. The moped measure (SB 2122) is dead in the Senate; House has not heard HB 1645.

HB 1554 does not have a companion Senate bill. The Committee discussed submitting testimony supporting this measure. Secretary Rapozo noted that this measure has been amended "to take effect on July 1, 2120." Vice President Onishi requested that President Victorino revisit this issue with House Speaker Souki to clarify his position.

President Victorino stated that HSAC will be submitting testimony on its position regarding SB 2987, Relating to Transient Accommodations Tax, which was proposed by Senator Tokuda.

A general discussion took place on how to educate the public and enlist their support. How do you convince people to care? Treasurer Anderson believed that neighbor island legislators have a much closer relationship with their constituents than those on O'ahu who may not even interact with people outside of their districts. Constituents can play a large role in influencing Senate President Kouchi, who may then find it necessary to work towards convincing and seeking support from his colleagues.

President Victorino stated that he will confirm with Speaker Souki his position on the TAT, as well as meeting with Representative Sylvia Luke.

Treasurer Anderson requested that a budget proposal for the Executive Committee's consideration be submitted by Secretary Rapozo if he finds it necessary to pursue a public education campaign to educate the county's populace on the position of certain state lawmakers.

President Victorino recommended keeping an eye on the Tort Liability Bill, because of its importance to all counties.



Secretary Rapozo noted that HSAC has not taken a formal position on the TAT, except for what was carried over from last year's legislative package. The cap was removed and the percentages were left blank. He also believed that Senate President Kouchi will be upfront with him about how serious the Legislators are on HB 1554, as well as Speaker Souki should likewise be able to provide good insight on HB 1554. This information will be helpful in deciding what actions HSAC will be taking.

President Victorino suggested scheduling a meeting as early as possible in March, knowing that each county will be receiving and start working on their budgets.

Vice President Onishi moved to defer the State Legislative update and discussion on lobbying efforts, seconded by Secretary Rapozo, and unanimously carried.

## VI. ANNOUNCEMENTS

- A. Discussion on NACo Legislative Conference from February 20-24, 2016 in Washington, D.C.

Vice President Victorino announced that the NACo Legislative Conference in Washington, D.C., officially begins on February 20-24, 2016. Some members will be arriving in DC earlier for their respective committee meetings. Breakfast meetings with Elizabeth Archuleta and Greg Cox have been confirmed. Robert Steel has declined. Members confirmed to attend are: Riki Hokama, Don Guzman, and Don Couch, and Michael Victorino from Maui; KipuKai Kualii and Arryl Kaneshiro from Kaua'i; Ikaika Anderson from Honolulu; and "Fresh" Onishi and Danny Paleka from Big Island. Omiyage from Kaua'i is cookies, O'ahu has chocolates, Big Island has chips, and Maui is bringing coffee.

Maui County staff requested approval to expend \$100-\$200 to purchase bags to organize the omiyage gifts in D.C. Hawai'i County will check with their Visitors Bureau about providing omiyage bags. Although there is a line item budgeted for this purpose, President Victorino stated that money will not be spent on purchasing omiyage bags if Hawai'i County is able to obtain the bags from Hawai'i Visitors Bureau.



B. Schedule the next meeting

The next HSAC Executive Committee meeting will be held on Tuesday, March 8, 2016, at 10 a.m. in Honolulu.

C. Other announcements

There were no other announcements.

VII. ADJOURNMENT

The meeting was adjourned at 12:07 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mel Rapozo".

MEL RAPOZO, Secretary  
Hawai'i State Association of Counties