

# Hawai'i State Association of Counties (HSAC)

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

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MINUTES  
HSAC EXECUTIVE COMMITTEE MEETING  
April 21, 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 10:05 a.m. The following members comprising a quorum were present:

County of Maui:	President Michael Victorino, County of Maui Councilmember
County of Hawai'i:	Vice President Dennis "Fresh" Onishi, County of Hawai'i Councilmember
County of Kaua'i:	Secretary Ross Kagawa (Alternate), County of Kaua'i Council Vice Chair
City and County of Honolulu:	Treasurer Ikaika Anderson, City and County of Honolulu Council Vice Chair
Others Present:	Gladys C. Baisa, County of Maui Councilmember  Honolulu staff Lisa-Ann Kimura, Staff Attorney, Office of Council Services; Honolulu staff Brandon Mitsuda, Council Liaison, Honolulu City Council Administrative Support Services; Honolulu staff Francisco Figueiredo, Legislative Aide, Office of Councilmember Ikaika Anderson; Maui staff Kit Zulueta, Communication Director, Office of Council Services; Kaua'i staff Aida Kawamura, Legislative Assistant, Council Services Division.



## II. APPROVAL OF AGENDA

There being no objections, the Agenda was approved as circulated.

## III. MINUTES

- A. Minutes of the March 8, 2016 HSAC Executive Committee meeting, as submitted by the HSAC Secretary.

Vice President Onishi moved for approval of the Minutes of the March 8, 2016 HSAC Executive Committee Meeting, seconded by Treasurer Anderson, and unanimously carried.

## IV. REPORTS

### A. Treasurer's Report

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

Treasurer Anderson noted that the account balance beginning in February 2016 was \$218,579.66, and with expenditures of \$1,829.04, ended the month with a balance of \$216,754.08.

2. Treasurer's Report for the month of March 2016, as submitted by the HSAC Treasurer.

Treasurer Anderson noted that the account balance beginning in March 2016 was \$216,754.08, and with expenditures of \$3,979.52, ended the month with a balance of \$212,778.20.

Vice President Onishi moved to approve the Treasurer's Reports for February and March 2016, seconded by Secretary Kagawa, and unanimously carried.

### B. County Reports

1. City and County of Honolulu Report. Treasurer Anderson reported that Honolulu City Council moved along the budget bills, which includes the legislative budget, the annual capital and operating



budgets, and also the operating and capital budgets for the Honolulu Authority for Rapid Transportation (Rail Authority). The budgets are scheduled for approval by June, pursuant to the County Charter. City Councilmembers are submitting their recommended amendments for improvements within their specific districts for consideration.

2. County of Hawai'i Report. Vice President Onishi reported that Hawai'i County Council completed their departmental budget hearings, and the Mayor's second budget is forthcoming sometime in May. Hawai'i County Council held a public hearing on the GET proposal, and received 2 testimonies in favor of the proposal and approximately 15 testimonies against the proposal. Members from the Board of Realtors were the majority who testified in opposition, stating that the impact on "poor" people will be great. The Finance Committee will consider the GET proposal and any proposed amendments at its May 3, 2016 meeting and then forward its recommendation to the full Council. Vice President Onishi stated that development in Hawai'i County is needed to create jobs so that the community can be employed, but there are other factors that prevent developments from occurring. He said that if the GET proposal is approved, it takes effect January 1, 2018, and the next Administration will be responsible for its expenditure. The option of establishing a GET surcharge will not be available after June 30, 2016. Vice President Onishi added that Hawai'i County Council Finance Committee was presented a communication requesting Mayor Billy Kenoi to step down, but the motion received no second and the discussion ended.
3. County of Kaua'i Report. Secretary Kagawa reported that the Kaua'i County Council completed its departmental budget reviews, and the Mayor's supplemental budget is expected to be delivered on May 6, 2016. Kaua'i County Council will start its budget decision making on May 12, 2016. Regarding GET, the measure has been amended from a .5% GET surcharge to a .25% GET surcharge, and the bill is deferred in the Budget & Finance Committee until May 11, 2016. Secretary Kagawa noted that Kaua'i County is hopeful for a favorable TAT outcome; if not, several Councilmembers may want to consider changing the real property tax rate on transient accommodations to raise approximately \$12.5 million. Secretary Kagawa shared that he read a *Honolulu Star Advertiser* article about residents in the



State of Hawai'i paying the second highest combined tax rates across the nation, but that Hawai'i has the second lowest real property taxes. The Kaua'i County Council deferred action on a proposal to prohibit smoking in vehicles, similar to the law in Hawai'i County, and is awaiting the Legislature's action on a statewide law to prohibit smoking in vehicles.

President Victorino commented that enforcement of a no smoking law would fall on local police departments, paid for by the County, not the State, along with existing laws already being enforced. Vice Chair Onishi stated that when Hawai'i County adopted its no smoking law, there was no law that prohibited minors from abusing tobacco products. Senator Glenn Wakai introduced State law that passed last year that established penalties for tobacco use for individuals under the age of 21.

Councilmember Gladys Baisa, County of Maui, informed that the County of Maui is currently defending a suit brought against it by timeshare owners on Maui claiming no rational nexus for the increase in their real property tax rates. Vice Chair Onishi noted that he also considered raising real property tax rates on hotel/resorts on the Big Island. President Victorino stated that in 1964, the State assumed responsibility for schools, hospitals, and the judiciary. On Maui, it costs almost \$17 million to run the court system. The reason for the lower real property tax rates in Hawai'i is that the counties do not pay for the schools, hospitals, the judiciary, jail, etc., like other NACo member counties do. This information is important when comparing real property tax rates with other municipalities. Treasurer Anderson added that schools in Hawai'i sit on county lands, but the counties do not collect real property taxes on these lands, thereby restricting the counties' revenue generating ability. Additionally, State sheriffs have the ability to issue citations and eliminate the need for county police to address minor infractions on State roadways.

4. County of Maui Report. President Victorino reported that Maui County Council is also conducting departmental budget reviews, and each member may submit their recommended amendments. A flyer detailing the schedule of district meetings to discuss the proposed Maui County budget was distributed, and the Council will hold a public hearing on real property tax rates on April 21, 2016. The Lāna'i Community Plan is projected to be approved in



June 2016, and the Moloka'i Community Plan is the next project. The special committee discussing the County Manager system is awaiting a report from the advisory committee before finalizing its report to the full Council, which has until June 11, 2016 to make a decision. Finally, discussion regarding establishing a surcharge on GET is necessary as a means to educate the public on this matter.

A raise for Bargaining Unit 14, ocean safety officers, was discussed. President Victorino stated that Maui County has some concerns regarding the cost items and step movement increases included in the agreement. Secretary Kagawa brought up a discussion regarding budgeting for police and fire overtime, which is somewhat abused. Maui County Council has challenged similar issues, and has cut out most of the premium pay amount, which necessitates the department having to come back to the Council to seek approval of a budget amendment if additional funds are needed. For special events on Maui, the event organizer contracts and pays for the police service, unless it is a county-sponsored event. On the Big Island, event organizers pay for the police and it is classified as a separate "special duty pay." Depending on the event, Honolulu places the financial burden of requiring a police officer's presence on the organization requesting the permit.

Vice President Onishi moved for approval of the county reports, seconded by Secretary Kagawa, and unanimously carried.

C. National Association of Counties (NACo) Report

Prior to receiving the NACo report, President Victorino announced that incoming NACo President Bryan Desloge is requesting that interested members submit their applications to serve on any NACo committee or standing committee by June 3, 2016. President Victorino requested to be informed of any applications being submitted.

There was no NACo report.

D. Western Interstate Region (WIR) Report

- a. Memo dated March 18, 2016, as submitted by WIR Representatives Mike White and Daniel Paleka, relating to the WIR Board of Directors Meeting at the 2016 NACo Legislative Conference.



Vice President Onishi moved to approve the WIR report, as submitted by WIR Representatives Mike White and Daniel Paleka, seconded by Treasurer Anderson, and unanimously carried.

President Victorino announced that the WIR Conference is scheduled for May 25-27, 2016, in Teton County, Jackson Hole, Wyoming.

President Victorino also expressed the need for a future discussion regarding designating alternate representatives to NACo and WIR.

#### V. NEW BUSINESS

- A. Correspondence from the Kaua'i County Clerk, submitting Kaua'i County Council Resolution 2016-34, appointing Mel Rapozo as the HSAC Representative and Ross Kagawa as alternate, and nominating KipuKai Kualii to serve on the NACo Board of Directors.

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

- B. Proposed resolution before the Hawai'i County Council appointing Dennis "Fresh" Onishi as HSAC Representative and Daniel Paleka as alternate, and nominating Daniel Paleka to serve on the WIR Board of Directors.

Vice President Onishi reported that Hawai'i County Council adopted the proposed resolution.

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

- C. Correspondence from the Maui County Clerk, submitting Maui County Council Resolution 16-66, appointing Michael P. Victorino as the HSAC Representative and Gladys C. Baisa as alternate.

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

- D. Correspondence from the Honolulu City Clerk, submitting Honolulu City Council Resolution 16-66, appointing Ikaika Anderson as the HSAC Representative and Joey Manahan as alternate.



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

- E. Correspondence from HSAC President Michael P. Victorino, relating to the Executive Committee's nominations for NACo and WIR Board of Director positions.

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

- F. Correspondence from HSAC Treasurer Ikaika Anderson, relating to the proposed Fiscal Year 2017 HSAC Annual Budget.

President Victorino noted that he discussed the proposed budget with Treasurer Anderson. WIR promotion and WIR 2015 Conference were deleted, and the remaining funds in those accounts were appropriated to other line items.

Vice President Onishi moved for approval of the proposed Fiscal Year HSAC 2017 budget, seconded by Secretary Kagawa, and unanimously carried.

## VI. UNFINISHED BUSINESS

- A. State Legislature update and discussion on lobbying efforts

President Victorino stated his belief that HSAC has done everything it needed to do, and there is not much else to do. There is not unanimous consent from HSAC, the mayors, and the council chairs to continue lobbying efforts with a unified message. Any future lobbying will be done individually. President Victorino thanked everyone for their hard work and for participating in HSAC's lobbying efforts.

Treasurer Anderson reported that both Senate President Ron Kouchi and WAM Chair Jill Tokuda expressed their surprise and somewhat displeasure with not being aware that other individuals were going to be included in a meeting requested by Treasurer Anderson. Treasurer Anderson stated that the meeting's agenda was an issue of importance and concern to each individual who was present, so he could not deny anyone's presence at the meeting. He felt that HSAC and HCOM were correct in focusing the discussion on that TAT is a visitor industry-generated tax and that the tax was always intended to offset the financial



burden that the visitor places on each government entity—the state and the county. The counties rely on the state to collect the TAT taxes and redistribute to the counties their share. HSAC was very respectful when requesting that legislators reconsider allocation of TAT to the counties. At the end of the day, the legislators have chosen to mix the discussion surrounding TAT in the gamut of all taxes. Treasurer Anderson suggested that HSAC do everything possible to continue to engage the legislature in this dialogue during the upcoming interim.

President Victorino recommended that HSAC begin working on issues as soon as the Legislature adjourns. Possible major issues of focus are TAT, beach liability, and a couple others. He requested that a meeting session be scheduled that allows all of Hawai'i's councilmembers to participate, express their concerns and views, and to find out what is the consensus of the counties on the various issues.

From listening to the discussions with the legislators, Vice President Onishi concluded that the outcome of the TAT to the counties would be \$113,000. The State law that established the TAT needs to be brought forth as a reminder of the purpose of the tax, which supports the counties' argument that it is a tax on the visitor industry. Regarding tort liability, the legislature extends immunity to the counties every two years. What is the underlying problem that prevents the legislators from approving to make the tort liability law permanent for the counties? Treasurer Anderson stated that it is an ongoing struggle between state and county. As an example, former Judiciary Chairman Tommy Waters was unsuccessful during his term in office in trying to award the unadjudicated traffic fines to the counties, which he believed was fair, but was always reminded by his colleagues of the costs to run the court system and public safety.

Secretary Kagawa stated that he was aware that the Working Group's recommendation was not realistic because of sense he got from the Kaua'i delegation. As a compromise, he recommended that State legislators consider awarding to the counties half of the increase recommended by the Working Group to be allocated to the counties. When discussing the issue of establishing a GET surcharge with Representative Tokioka and the approaching deadline, which forces the counties to act somewhat prematurely, Representative Tokioka offered that the Legislature could revisit the law and extend the deadline to allow the counties more time. Secretary Kagawa was hopeful that the Legislature would allocate to the counties more than the \$103,000, and that he will make an effort to



discuss the possibility of extending the GET Surcharge deadline for the counties with Senate President Kouchi.

Councilmember Gladys Baisa offered her observation that Senate President Kouchi's comments regarding meeting with a large group was about not having an opportunity to prepare for the group appropriately, because there were only a few bagels and muffins and an insufficient number of chairs. The group was reminded several times that the state is already giving the counties more, so what is the county doing to take care of things for the state. Councilmember Baisa noted that on Maui, several state programs such as Early Childhood Education are seeking assistance from the county because they cannot service certain 3-5 year old children, and Maui County cannot ignore these types of situations and not provide assistance. Speaker Joe Souki and Finance Chair Sylvia Luke are genuine in wanting to help the counties, and Finance Chair Luke and Ways and Means (WAM) Chair Jill Tokuda have a good relationship. It is hopeful that Finance Chair Luke will lead WAM Chair Tokuda in the right direction for the counties. Councilmember Baisa believed that Senate President Kouchi is supportive of the counties and he mentioned helping the counties in other ways, such as funding county CIP projects. Councilmember Baisa believed that informal talk story sessions with state legislators is necessary to build relationships and understanding amongst each other, and hoped that HSAC will focus and plan for the next legislative session and continue working towards educating and establishing that a decent share of TAT is owed to the counties.

President Victorino agreed with Councilmember Baisa on establishing a continuous lobbying program. HSAC must be proactive and build its relationship with state legislators. President Victorino noted that he would be going to the State Capitol to thank Legislators on behalf of HSAC and the counties for their efforts during this legislative session. He recommended and requested scheduling an open door session for all councilmembers to come and voice their concerns and opinions during the HSAC conference in Kona.

Members discussed continued retention of Becker Communications ("Becker"). Vice President Onishi and Secretary Kagawa felt that additional services were not needed, noting that the session ends May 5, 2016. Treasurer Anderson was in favor of keeping Becker retained. Councilmember Baisa agreed that Becker's services may no longer be needed, but Becker should be available up until there is a final outcome



regarding the TAT in case their assistance is needed. President Victorino noted that Becker is retained on an hourly basis, so if no work is done, there is no charge to HSAC. He requested approval to engage Becker to prepare a final message upon conclusion of the TAT for review by all members prior to its release to the press. There was no opposition to this request.

Regarding the sunshine law amendment measure that was one of HSAC's priorities, President Victorino noted that legislators made drastic changes to the proposed language and the measure now differs from the original intent. He felt that this measure should again be included as a priority for HSAC during the next legislative session.

President Victorino made known his decision regarding travel expenses related to lobbying for the TAT using funds from the \$10,000 approved by the Executive Committee for lobbying/promotion efforts related to TAT. Travel expenses for one member representing HSAC at any of the meetings with legislators would be covered; travel for mayors or council chairs who were not representing HSAC at the meeting would not be covered. The Executive Committee had no objections to President Victorino's decision.

## VII. ANNOUNCEMENTS

### A. 2016 Hawai'i State Association of Counties Annual Conference update

Vice President Onishi reported that the 2016 Conference Website is up and participants may begin to submit their registrations. Website links for air travel and lodging are available on the conference website. Hawaiian Air is a sponsor of the conference, and using the code MEETINHAWAII will result in a \$60 discount off of a roundtrip fare. Hotel reservations may also be made by calling the Sheraton Kona Resort at Keauhou; mention "HSAC" for the special conference room rate of \$159 per night. Resort and parking fees for conferees staying at the hotel are also waived. An invitation to attend the conference was sent via an e-mail blast to Hawai'i's legislators, Governor David Ige, Lt. Governor Shan Tsutsui, NACo President Sally Clark, NACo Executive Director Matt Chase, Councilmember Hokama's friend in Washington D.C., as well as to all Hawai'i county mayors and their department heads, and all Hawai'i councilmembers. Past conferees and other potential conferees will also receive an invitation to the conference. President Victorino noted that he would send a formal written invitation to the foregoing



group to attend the 2016 HSAC conference on the Big Island. Vice President Onishi requested assistance for obtaining at least two conference sponsorships from each island.

Vice President Onishi reviewed the conference scheduling and requested confirmation of the Councilmembers attending in order to plan a talk story session for when a majority of all Councilmembers can participate. He noted that due to this being an election year, some Councilmembers might choose not to attend the conference. Vice President Onishi said that he and Hawai'i County Council Chair Dru Kanuha need to leave the hotel site at 11:30 a.m. on Wednesday, after the HSAC General Membership Meeting.

B. Scheduling of the next meeting

The next HSAC Executive Committee meeting is tentative scheduled for Tuesday, May 31, 2016, at 10 a.m. in Honolulu, with an alternate date of Monday, May 23, 2016, if necessary.

C. Other announcements

There were no other announcements.

VIII. ADJOURNMENT

The meeting was adjourned at 12:15 p.m.

Respectfully submitted,

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

MEL RAPOZO, Secretary  
Hawai'i State Association of Counties