

BILL047(24)
Testimony

MISC. COMM. 395

COUNCIL

COUNCIL Meeting

Meeting Date: Sep 4, 2024 @ 10:00 AM

Support: 2

Oppose: 0

I wish to comment: 1

Name: Ted Kefalas	Email: tkefalas@grassrootinstitute.org	Zip: 96813
Representing: Grassroot Institute of Hawaii	Position: Support	Submitted: Sep 3, 2024 @ 07:34 AM
Name: Michele McCoy	Email: michelem@oha.org	Zip: 96817
Representing: The Office of Hawaiian Affairs	Position: Support	Submitted: Sep 3, 2024 @ 11:25 AM
Name: Choon James	Email: ChoonJamesHawaii@gmail.com	Zip: 96762
Representing: Self	Position: I wish to comment	Submitted: Sep 4, 2024 @ 09:28 AM
<p>Testimony:</p> <p>Aloha, It's a good thing to focus on the welfare of our long-time residents. However, I'm curious as to why this Bill restricts the location to SMA areas. There are many non-SMA properties that could need relief from escalating taxation as well.</p> <p>Mahalo, Choon James</p>		

Sept. 4, 2024, 10 a.m.

Honolulu Hale

To: Honolulu City Council

Tommy Waters, Chair

Esther Kia'āina, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: Bill 47 (2024) — RELATING TO REAL PROPERTY TAXATION

Aloha Chair Waters, Vice-Chair Kia'āina and other members of the Council,

The Grassroot Institute of Hawaii **supports** [Bill 47 CD1 \(2024\)](#), which would allow owners of properties in special management areas that have been family-owned for at least 50 years to designate their properties as “aina kupuna.”

The dedication would last for 10 years and exempt the property from all property taxes except Honolulu's \$300 minimum tax.

Among the qualifying conditions, the properties could not be used for commercial purposes, though they could be used for agricultural purposes such as forestry, grazing and fruit and vegetable growing.

Bill 47 (2024) is modeled after Maui County's “aina kupuna” tax break, which became law in 2021. For fiscal 2025, Maui's program will provide 33 property owners \$859,056 in tax relief.¹

Thank you for the opportunity to testify.

Ted Kefalas

Director of Strategic Campaigns

Grassroot Institute of Hawaii

¹ [“Selected Real Property Statistics for Budget Consideration, Fiscal Year 2024-2025,”](#) Maui County Department of Finance, Real Property Assessment Division, p. 29.



BILL 47 CD1 Relating to Taxation of Real Property- ‘Āina Kūpuna
Honolulu County Council

September 4, 2024

10:00 a.m.

Council Chambers

The Office of Hawaiian Affairs (OHA) will recommend that the Board of Trustees support the proposed amendment to Chapter 8, Article 7, Revised Ordinance 2021, relating to real property taxation, which aims to establish a new classification for "‘Āina Kūpuna" dedicated lands. This measure represents a significant step towards protecting the cultural and historical heritage of Native Hawaiian families by addressing the profound impacts of real estate trends and property tax burdens on ancestral lands. OHA supports the changes to CD1 which lessens the number of years to 50 from 80 years in the same family where this provides for Native Hawaiian Families who may have been displaced or relocated in the past. Further, the allowance for commercial agriculture under residential ownership supports sustainability and self-sufficiency, which are important for meeting the wellbeing needs of Hawaiian ‘ohana.

However, the additional requirement that property be located in the special management area as defined in HRS Sec. 205A-22, which the Attorney General has determined must be shoreline or coastal water related land¹ eliminates the tax benefits for all mauka families. This restriction appears onerous and unfair to the many Native Hawaiian Families who have thrived on lands that are not on the shoreline. Accordingly, OHA would not be in support of this specific restriction on lands that would qualify under Bill 47 CD1.

As a preliminary matter, OHA emphasizes that the Westernization of land tenure in Hawai‘i, and the distribution of land and power that occurred subsequent to the illegal overthrow of the Hawaiian Kingdom, have had profound and unique impacts on the Native Hawaiian people. Such impacts include the physical, spiritual, and socioeconomic harms arising from the dispossession of Native Hawaiians’ ancestral lands, and from the myriad other circumstances that have strained or eroded away Native Hawaiians’ connection to the ‘āina that have sustained their ‘ohana since time immemorial.² Sadly, much of the lands that Native Hawaiians were able to acquire during Hawai‘i’s transition to a Western property system have already been lost, abandoned, sold, seized, or stolen, and various factors today continue to place great strain on the ability of Native Hawaiian families to continue maintaining a connection to, and ownership of, their ancestral ‘āina.

In addition, OHA notes that Native Hawaiian who have been able to maintain their

¹ Att. Gen. Op. 75-18.

² See, e.g., The Apology Resolution, Pub. L. No. 103-150 (“[T]he health and well-being of the Native Hawaiian people is intrinsically tied to their deep feelings and attachment to the land”).

ancestral lands for generations represent a foundation of O‘ahu’s historical and cultural legacy. Their continued stewardship and presence on their lands helps to maintain important connections to the past and to the ‘āina that can uphold the unique values and character of O‘ahu’s communities – a role that may be increasingly critical in light of a rapidly transforming socioeconomic landscape resulting, in part, from the real estate trends the county has been experiencing. Furthermore, **Bill 47 CD1 aligns with OHA’s strategic plan, Mana i Maui Ola, to increase quality housing and economic stability for Native Hawaiians.**

OHA therefore strongly supports Bill 47 CD1, which will provide critical and much-needed protection for the few remaining Native Hawaiian families who have maintained their family lands for at least fifty years. Over the past several decades, the Western commodification of land has manifested in a continuous and almost exponential surge in property taxes, particularly in areas where real estate speculation and resort, short term rental or luxury development have driven property values to an all-time high.³ While taxes on lands that have become subject to the lucrative activities of real estate speculators and developers may be an appropriate and needed mechanism that can provide the county with much-needed revenues, the increase in property values and associated property taxes has also had devastating impacts to a small number of Native Hawaiian and long-time O‘ahu families; such families, facing an unprecedented tax burden, have been forced to sell portions of their ancestral lands, or monetize them in inappropriate and sometimes painful ways. Bill 47 would provide these families with narrow and targeted relief, by allowing them to pay the minimum tax on their ancestral lands in exchange for a commitment to not convey the lands to non-lineal descendants, and to not use these lands for commercial purposes other than commercial agriculture.

OHA does appreciate potential concerns regarding a possible reduction in county revenues, but notes that the narrow requirements of the proposed bill – which would only apply to lands maintained and controlled by the same family since 1974, and which would not be used for non-agricultural commercial purposes or conveyed to non-lineal descendants for a minimum of 10 years – would significantly limit those who would qualify, and who would desire to apply for, the proposed tax relief. OHA further understands that property values of non- ‘āina kūpuna lands have also continued and will likely further continue to increase, providing increased county revenues that will offset any fiscal impacts of the measure.

The proposed Bill 47 CD1, will provide a critical means to protect Native Hawaiian and long-time kama‘āina families from the impacts of O‘ahu’s speculation-driven real estate boom; prevent the further dispossession of Native Hawaiians’ ancestral lands, which has had and will continue to have devastating impacts on Native Hawaiian families and the Native Hawaiian community as a whole; and help to avoid the further erosion of the social and cultural heritage of Honolulu county, embodied by those who have been able to maintain their ‘āina kūpuna for multiple generations.

Accordingly, OHA respectfully urges the Council of the County of Honolulu to **PASS** the tax relief proposal contained in Bill 47 CD1 with amendments to the restrictive provisions

³ See Puanani Fernandez Akamine, *Taxed Out: Increasing land taxes force Hawaiians off their ancestrallands*, KA WAI OLA, Feb. 28, 2020, available at <https://kawaiola.news/cover/taxed-out>.

of HRS Sec. 205A-22. Mahalo nui for the opportunity to testify.