

BILL030(25)
Testimony

MISC. COMM. 239

COUNCIL

COUNCIL Meeting

Meeting Date: Apr 16, 2025 @ 10:00 AM

Support: 0

Oppose: 2

I wish to comment: 0

Name: Frederick Mencher	Email: frederickmencher@gmail.com	Zip: 96814
Representing: East Oahu County Farm Bureau	Position: Oppose	Submitted: Apr 15, 2025 @ 10:50 AM
Name: Tim Ashcraft	Email: timothy.ashcraft@hcu.org	Zip: 96826
Representing: Hawaii Credit Union League	Position: Oppose	Submitted: Apr 15, 2025 @ 03:00 PM



EAST OAHU COUNTY FARM BUREAU
910 CALIFORNIA AVE., WAHIAWA, HI 96786

April 15, 2025

Councilmember Tommy Waters, Chair
Councilmember Matt Weyer, Vice Chair
Honolulu City Council
Honolulu, Hawai'i 96813-3077

Dear Chair Waters, Vice Chair Weyer, and Members of the City Council,

The East O'ahu County Farm Bureau, which represents approximately 420 farmers and supporters of agriculture from Waimanalo to Kahuku, **opposes Bill 30 (2025)**, which would repeal property tax exemptions for agricultural greenhouses and shade houses. These structures protect crops from agricultural pests and diseases, reducing the need for pesticides. They also protect crops from storm damage, and provide some protection from agricultural theft, which is a major problem on O'ahu. They support efficient, intensive farming methods such as hydroponics and aquaponics, which require less land, water, and fertilizer than traditional agriculture – a major advantage on islands like O'ahu, where land and water resources are limited and fertilizer must be imported at substantial cost. Farmers should be encouraged to install these structures, but the cost of construction materials and labor has skyrocketed. Presumably property tax assessments will rise accordingly, resulting in what could be a significant additional burden for many farms, and especially for the smaller farms that make up the majority of O'ahu's agricultural enterprises.

As is often mentioned, Hawai'i imports 85-90% of its food supply. The high cost of producing food in Hawai'i relative to the U.S. Mainland is the main reason for this risky situation. Government incentives can help offset this situation, keeping farms sufficiently competitive to continue producing food for local consumption. Honolulu does not have the resources to provide subsidies and extension services like USDA, or large tracts of agricultural land that can be leased to farmers like the State of Hawai'i. A property tax exemption is one of the few ways that the County can help support and maintain local food production. We therefore respectfully urge your Council not to pass Bill 30.

Finally, as we have done in past testimony on other matters, we strongly encourage your Council to re-establish the Agricultural Development Task Force so that it can provide guidance on proposed legislation like Bill 30 which impacts O'ahu's farmers and ranchers.

Thank you for the opportunity to testify on this important matter.

Sincerely,

Frederick M. Mencher
for Grant Hamachi, President
East O'ahu County Farm Bureau



**Testimony to the Honolulu City Council
Honolulu City Council Chambers
Wednesday, April 16, 2025
10:00 am**

To: Council Chairman Tommy Waters
Council Vice-Chair Matt Weyer
Members of the Honolulu City Council

Re: Bill 30, Relating to Real Property Taxation
Aloha,

My name is Timothy Ashcraft, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 45 Hawaii credit unions, representing over 872,000 credit union members across the state.

We offer the following comments regarding Bill 30, Relating to Real Property Tax Exemptions.

All Hawaii credit unions are nonprofit financial cooperatives chartered under the Federal Credit Union Act of 1934. That law was enacted during the Great Depression for the purpose of promoting thrift among members and creating a source of credit for provident or productive purposes. Now, in the aftermath of the COVID-19 worldwide pandemic, and current inflationary trends, such affordable financial services are needed more than ever, especially by working residents and small businesses.

Unlike for-profit financial service providers that can access capital from external sources such as issuing additional stock – credit unions can strengthen their capital only by retention of net income. Capital is needed to support growth and as a reserve for contingencies.

Each credit union has a field of membership, pursuant to the Federal Credit Union Act. Fields of membership can be occupation-based (such as employees of the state or county government), association-based (such as members of a church or labor union), or community-based (living or working within a defined local community).

Regardless of field of membership or asset size, all credit unions have nonprofit tax status because of their unique structure, purpose, and public benefit. Furthermore, credit unions do not have a competitive advantage over for-profit financial service providers.

- As to structure, unlike for-profit corporations whose financial benefits accrue to a relatively small group of investor-stockholders, financial benefits of not-for-profit credit unions accrue to all member-owners – in the form of higher yields on savings, lower rates on loans, and lower or no fees on services. Unlike for-profit corporations where voting power is greater for those owning more stock, credit unions are democratically controlled, with each member having one vote, without regard to the amount on deposit. Additionally, unlike for-profit corporations, directors are unpaid volunteers who are elected by fellow members of the credit union without the use of proxies.
- As to purpose, credit unions fulfill the statutory purpose of promoting thrift among members and creating a source of credit for provident or productive purposes. Members come from all walks of life, as evidenced by the vast membership of Oahu credit unions mentioned earlier. Credit unions on

Oahu have a membership rate of approximately 56 percent of the island's resident population, which is among the highest membership rates in the nation. That would not have been possible if the credit unions of Oahu were not fulfilling their purpose.

- As to public benefit, credit unions are an alternative provider of affordable financial services. Especially in this time of economic and financial uncertainty – when for-profit financial service providers have lowered deposit interest rates to almost zero, tightened loan underwriting standards, and raised fees – credit unions have been a welcome beacon of hope to their members. Non-members also benefit from having credit unions in the marketplace. Several independent researchers have found that credit unions have a moderating influence on bank pricing – thus, lowering bank loan rates and raising bank deposit interest rates.
- As to credit unions having a competitive advantage over for-profit financial service providers, credit unions must serve a field of membership and cannot serve everyone – in Hawaii and outside Hawaii – as banks can. In addition, the range of products and services credit unions are permitted to offer is far narrower than the range of products and services banks are permitted to offer, access to capital is far more limited for credit unions, and the list of differences goes on and on.

Credit unions should not be treated like for-profit financial service providers because they are inherently different in structure, purpose, and public benefit. Due to this fundamental difference in structure and ownership, **a tax on credit unions is a tax on its members.**

Mahalo for the opportunity to provide comments on this important issue.