

RES25-156
Testimony

MISC. COMM. 295

BUDGET (BUD)

BUDGET (BUD) Meeting

Meeting Date: May 27, 2025 @ 09:00 AM

Support: 1

Oppose: 0

I wish to comment: 0

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Representing: Kupu	Position: Support	Submitted: May 26, 2025 @ 03:12 PM



**Honolulu City Council
Committee on Budget
Tuesday, May 27, 2025
Testimony in Strong Support of Res 25-156, Relating to Real Property Tax Compromises**

Aloha Chair Dos Santos-Tam, Vice Chair Nishimoto, and Honorable Members of the Committee on Budget,

Mahalo for the opportunity to testify in **strong support of Res 25-156, Relating to Real Property Tax Compromises**. If adopted, this resolution would approve the Department of Budget and Fiscal Service's proposal to compromise the penalties and interests owed on real property taxes by Kupu, in return for our full payment of all real property taxes owed to the City and County.

Kupu is a statewide nonprofit founded and headquartered here in Honolulu, providing youths and young adults with opportunities to learn, serve, and work in ways that restore environments and communities. Each year, we provide 200-400 young people with paid positions to help them start their careers in conservation, sustainable agriculture, and culinary professions, with as many as half of all of those positions based on O'ahu. While Kupu is open to young people of all backgrounds, 50-60 percent of our participants in recent years come from households with a total income of \$30,000 or less.

After running our conservation careers programs for several years, we saw a need to help local youths complete their high school education in order to qualify for good paying green jobs, and opened our Community education program, currently based at the Ho'okupu Center. We work with young people who have decided to turn their lives around, and provide them with culturally-grounded, work-based, hands-on education and social support, and have seen more than 100 youths graduate from our GED programs and, more recently, our Alternative Learning

Opportunity partnership with the State Department of Education. An invaluable foundation for this work is our property lease at the Kewalo Basin, which is the subject of this resolution.

As Director Andrew Kawano's letter to the City Council reflects, Kupu began the subject lease in 2017, from the Hawai'i Community Development Authority (HCDA). While we had for nearly a decade already been a 501(c)(3) nonprofit corporation at the time of the lease signing, our lease was not initially recorded. When the lease was recorded in 2019 by the Hawaii Community Development Authority, we were then notified that we were taxable as if we were not a nonprofit, for the time period dating back to the lease signing. It is not disputed, as the Director's letter states, that Kupu and our activities at the parcel "meets all requirements for receiving the charitable use exemption." In fact, Kupu promptly applied for and received its exemption upon realizing that the lease was subject to property taxes.

We are grateful to the Blangiardi Administration, Director Kawano, and city staff for working with us on the proposed compromise. Under this proposal submitted by BFS and strongly supported by Kupu, we (Kupu) will pay all accrued real property taxes, currently totalling \$121,311.28. The City, at the same time, would compromise all total penalties and interests related to this issue, currently totalling \$95,684.48.

Resolving this issue will allow Kupu to return our full focus to the needs of our program participants, especially those O'ahu youths currently being educated and trained at the Ho'okupu Center in Kewalo Basin. It will also preserve limited resources available to support Kupu's operations and programming.

Mahalo hou, thank you again, for the opportunity to testify in **strong support** of **Res 25-156, Relating to Real Property Tax Compromises.**

E Mālama Pono,

John T. Leong

CEO and Co-founder

Kupu