

Response to Kaua'i Chamber of Commerce Questionnaire
By Councilmember JoAnn A. Yukimura
Candidate, Kauai County Council 2016
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1. *Now that the county has voted to forego an increase in the general excise tax, how do you propose we pay for improving Kauai's roads, bridges and public transportation.*

We need to use fuel/vehicle weight taxes to repair roads and bridges. Safe, well-functioning roads are essential to a robust economy and a good quality of life. User fees such as fuel and vehicle weight taxes are the most logical way to fund such upkeep because the more one uses or damages the road, the more one pays.

Earlier this year, I proposed fuel and vehicle weight tax increases that would have eliminated the \$100 million backlog of county road and bridge repairs in ten years while not exceeding the savings we get today from low gas prices. A Council majority killed that bill as well as a second bill proposing smaller fuel and vehicle tax increases.

Taxing rental cars is not an option; the county does not have the power to tax rental cars.

Getting a bigger share of the TAT is one potential way to pay for visitor impacts while freeing up general fund monies for road repair. However, securing enough in TAT revenue-sharing is unlikely. The governor and state legislators have pointed out that, unlike the mainland, the State in Hawaii is responsible for large cost areas such as hospitals, jails and schools.

We need to request reauthorization of a ¼ percent excise tax or secure a larger share of the transient accommodation tax (TAT) to pay for Kauai Bus expansion which will reduce congestion, provide affordable transportation, and increase health and safety. See [Kauai Multimodal Land Transportation Plan](#) page ES-2.

2. *How would you effectively manage budget and operations compared to the past.*

For the first time in its history, the County is creating a long-term financial plan and is looking to adopt best practices in municipal budgeting. I support this wholeheartedly

and commend the leadership of Mayor Carvalho, finance director Ken Shimonishi and former finance director Steve Hunt.

While we have not yet received the final recommendations from the Government Finance Officers Association (GFOA), which is assisting the County, I anticipate that best practices will include 1. the joint creation and adoption of a county strategic plan and goals by the mayor and council, to which the budget will be tied; 2. creation and adoption of functional goals and objectives by each department and division; 3. a sound reserve policy.

I am proud of the fact that unlike the state of Hawaii and other counties, Kaua'i County already adheres to the best practice of funding its pension fund in full each year.

Because of the separation of legislative and executive powers, the county council does not manage county operations, but it can encourage best practices in operations. The key to well managed county operations is to hire high performing, highly skilled department and division heads. That requires: 1. a fair, well-structured executive compensation system and 2. a hiring process designed to find the best. I voted for the Salary Commission's proposed executive pay raises where compensation was insufficient to attract the best and opposed the pay raises where the mayor's selection process was more political than professional.

3. How can Kauai maintain its rural character while continuing to accommodate a growing population and visitor counts?

Keeping Kaua'i, Kaua'i, even as we grow and change is one of the biggest challenges we face. It has been my mission ever since I first ran for office.

I worked with citizens in the 70's and 80's to stop over-development at Maha'u lepu, Nukoli'i, Niumalu and Kilauea. If the proposed projects had passed, Kaua'i would not be Kaua'i today.

Today, as we update our General Plan, we can keep Kaua'i' Kaua'i even as we grow and change by adopting the following policies:

1. Provide affordable housing and transportation (the Kauai Bus) to effectively address the high cost of living so local families can continue to live here.

2. Acquire key coastal lands to protect against development, commercialization, and blocking of access.
3. Add no new resort or TVR zoning until we bring our roads, sewers, parks, etc. up to par. There appears to be more than enough existing resort zoning, built-out and unbuilt--perhaps, too much.
4. Diversify the economy by strengthening diversified agriculture, the film industry, arts and culture and completing the Creative Tech Center and commercial kitchen at KCC to avoid over-dependence on tourism and military growth.
5. Reduce congestion with smart land use decisions that guide growth into and around existing towns served by complete streets, mixed uses and user-friendly transit, and locate affordable housing close to job centers.
6. Implement the Multimodal Land Transportation Plan to encourage "mode shift" from auto to walking, biking and transit to avoid 4- and 6-lane highways that diminish the rural character of the island without solving congestion.

4. Will you support efforts to ensure that all vacation rentals home stay units, bed & breakfast, and all transient vacation units are charged resort property tax rates?

Presently, the real property tax rate for vacation rentals or transient vacation rentals (TVRs) is \$8.85 per \$1,000 of assessed value. For hotel and resort units, including timeshares, the rate is \$10.85. For homestay and bed and breakfast operations where there is a home use exemption, the rate is \$5.05.

I believe there should be a differential among hotel, TVR and homestay rates. I don't believe all categories are created equal. I am aware of certain TVR owners whose grandfathered units are located in Kapaa Town and other places that do not have the value or the income-generating capacity of TVRs on the shoreline. I don't believe they should be taxed at resort rates.

Homestays, too, are a "different animal" from resort units. They belong to residents who live and work on this island. They promote people to people tourism. They don't have the widespread impact of resort units.

That being said, I am open to new information that I may not be aware of.

5. How would you help ensure that working middle class residents can still afford to buy or rent a home in Kauai?

We need to create an ever increasing inventory of affordable homes to meet the needs of all those whose housing needs cannot be met by the market. To achieve this, we must adopt the following policies and actions:

1. We presently require all developers, including resorts, to provide a certain percentage of affordable units for rent or purchase based on total number of units to be built. However, the affordability of the affordable units is limited. Instead, we should require developers to dedicate land and offsite infrastructure to the County, allow the county to procure a developer to develop the affordable units and ensure that units remain insulated from the market and accessible to income-qualified families for the life of the building. The county will always own the land. This will ensure an ever-growing inventory of affordable housing.
2. Secure a source of capital for the county to develop the housing
3. Encourage private sector development with laws like the Additional Rental Unit bill and possibly a mortgage subsidy program.
4. Continue requiring applicants for affordable housing purchases to take a homeownership course to learn money management skills that will enable them to successfully hang on to their affordable home.
5. Explore alternative concepts of homeownership such as limited equity cooperative housing and community housing land trusts to offer a diversity of affordable housing options.