

Dear Fellow Owner,

This is important information about the taxes and annual assessments for your vacation ownership interest at The Westin Ka'anapali Ocean Resort Villas. **Please read this entire message carefully.** The first item relates to the recent Maui County (County) tax appeal settlement and the second item asks for your help in defeating proposed state tax increases on timeshare owners.

#### Item #1: County of Maui - Property Tax Refund

As you may know, our Association has been in a two-year-long dispute with the County of Maui over property taxes. We're happy to share that we have settled the dispute to our satisfaction. The Association appealed the County's tax assessment for the 2009/2010 and 2010/2011 tax years because of the significant increase in assessed values and taxes owed to the County. Specifically, we, as Owners at The Westin Ka'anapali Ocean Resort Villas, faced a 182% increase with total taxes rising from \$2.3 million to \$6.4 million. This increase was due to a change in Maui County's appraisal methodology and inaccurate market data.

#### Our Reaction to the Tax Increase

On behalf of the Association, we retained legal counsel and property appraisal experts, filed a formal appeal and paid the County in full but under protest.

#### The Appeal

The County's Board of Review heard our appeal and offered only minimal reductions. We then appealed to the Tax Appeal Court for the State of Hawaii and began the pretrial process. A few months later, Maui County began negotiations and settlement discussions with our legal counsel and property appraisal experts. Based on the extensive market research completed by our counsel and experts, updated assessed values were offered by the Association. Because the Association's suggested assessed values were fair and well-documented, Maui County accepted them. While we had hoped for assessed values and the resulting taxes to return to the pre-2009 levels, that expectation was not realistic based on the Association's own research and data.

#### Outcome

The following table reflects the settlement reached with the County, showing the net reduction in our property's assessed value and the corresponding tax savings for the last two tax years. Additionally, the Association will receive interest on these refunds.

Ocean Resort Villas (KOR)					
Year	Initial Assessed Value	Agreed Assessed Value	Net Reduction in Value	Percent Reduction	Tax Savings
2009/2010	\$ 456,139,860	\$ 355,139,065	\$ 101,000,795	22.1%	\$ 1,414,011
2010/2011	368,902,800	299,756,660	69,146,140	18.7%	968,046
<b>Total</b>	<b>\$ 825,042,660</b>	<b>\$ 654,895,725</b>	<b>\$ 170,146,935</b>	<b>20.6%</b>	<b>\$ 2,382,057</b>

#### The Refund

Maui County will issue a refund check, with interest, directly to our Association. These amounts will be placed into the Association's operating account and we will determine how best to apply these funds during our 2012 budget review process.

#### Future

Our settlement is for the last two tax years and does not guarantee any future assessed value the County may determine. We do believe we've established with the County the true market value of our property. We believe the County now has a better understanding and will likely base its future valuations upon the research and data presented by the Association.

#### Item #2: Proposed State Tax Increase

While we have experienced good news at the Maui County level, there is a new threat at the state level within Hawaii. The Hawaii State Legislature is considering four bills (two of which have been proposed by the Governor) that would increase the state transient accommodations tax (TAT) we pay by 2%, from 7.25% to 9.25%. The bills also change the fair market value calculation of the TAT. Currently the fair market value is 50% of the annual assessments and under the proposed bills it would increase to 150%. If these bills pass, they will lead to an approximate 300% increase in TAT on our villa use. Here's an example of the impact these bills would have on the TAT paid for the use of your villa:

Average Annual Assessment	Current Law	Proposed Law
\$2,125.65	\$77.05	\$294.93

On average, the resulting increase would be \$217.88; this translates into an increase of \$102.55 for every \$1,000 of your assessment.

#### ARDA?ROC Reaction

The **ARDA Resort Owners' Coalition (ARDA-ROC)** is an alliance of owners, developers and managers who are committed to advocating for local, state and federal policies that enable the vacation ownership industry to thrive. ARDA-ROC is actively opposing these bills on behalf of timeshare owners.

The link listed below will take you to the ARDA-ROC webpage which contains a substantial amount of information about these specific bills and contains links to various government sites. This site is regularly updated so we recommend you use it to stay updated on the status of these bills.

[Click here](#) to access the ARDA-ROC legislative page for Hawaii matters.

#### What You Can Do

We encourage all Owners to email or call the officials listed below and tell them how the bills under review will negatively affect your family, your ownership and future travel to Hawaii. We have attached a link to sample letters of opposition that you can use to create your own communication to the state representatives listed below. It is important to use **your own words** and not just e-mail a form letter. Please also **be respectful** to the representatives as a number of them have been supportive of our efforts to defeat these measures. Please note there are separate letters for Owners who are residents of Hawaii and for those who live out-of-state.

[Click here](#) for a sample letter of opposition that you can send to the officials. Time is of the essence as these bills are moving through the Hawaii State Legislature. The bills under consideration are **HB 809, HB 1163, HB 1092, and SB 1319**.

House Finance Chairman Marcus Oshiro  
808-586-6200  
[repmoshiro@Capitol.hawaii.gov](mailto:repmoshiro@Capitol.hawaii.gov)

House Tourism Chairman Tom Brower  
808-586-8520  
[repbrower@Capitol.hawaii.gov](mailto:repbrower@Capitol.hawaii.gov)

Senate Commerce and Consumer Protection Chairwoman Roslyn Baker  
808-586-6070  
[senbaker@Capitol.hawaii.gov](mailto:senbaker@Capitol.hawaii.gov)

Senate Tourism Chairwoman Donna Mercado Kim  
808-587-7200  
[senkim@Capitol.hawaii.gov](mailto:senkim@Capitol.hawaii.gov)

Senate Ways and Means Chairman David Ige  
808-586-6230  
[sendige@Capitol.hawaii.gov](mailto:sendige@Capitol.hawaii.gov)

House Speaker Calvin Say  
808-586-6100  
[repsay@Capitol.hawaii.gov](mailto:repsay@Capitol.hawaii.gov)

Vice Speaker Joey Manahan  
808-586-6010  
[repmanahan@Capitol.hawaii.gov](mailto:repmanahan@Capitol.hawaii.gov)

Senate President Shan Tsutsti  
808-586-7344  
[sentsutsui@Capitol.hawaii.gov](mailto:sentsutsui@Capitol.hawaii.gov)

Sincerely,

Mark E. Watford, President  
Ocean Resort Villas Vacation Owners Association