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March 17, 2014

CITY COUNCIL
HONOLULU, HAWAII

2014 MAR 18 A 9:56

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The Honorable Ann H. Kobayashi, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Kobayashi and Councilmembers:

SUBJECT: Bill 19 (2014)

Bill 19 (2014) establishes a tiered system of exemption amounts based on value ranges for parcels dedicated as historic residences under ROH Section 8-10.22.

The Department of Budget and Fiscal Services supports the exploration of alternative exemption amounts for historic residential parcels, but has concerns with a tiered system. Such a system will create further inequities in taxation of historic residential parcels and may encourage taxpayers to file appeals for the sole purpose of qualifying for a lower bracket or higher exemption amount. Using a percentage rather than a tiered system to determine exemption amounts would help to ensure conformity with the City's objective of achieving equity, uniformity, and efficiency in taxation of all real property within the City and County of Honolulu.

A standardized percentage will be less costly to implement. The tiered system of exemption amounts based on value ranges will incur significant costs to the City for programming changes and updating the current database to conform with these changes. Additionally, this change cannot be implemented within the stated time frame as assessment notices have already been mailed and exemptions granted for Fiscal Year 2014-15. Therefore, no additional revenue for Fiscal Year 2014-15 can be realized.

The Honorable Ann H. Kobayashi, Chair
and Members
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Please note that there is a clerical error in the portion of subsection (f) that is being repealed. The word "from" has been omitted after the word "exempt."

If you have any questions, please call me at 768-3901.

Sincerely,



Nelson H. Koyanagi, Jr., Director
Budget and Fiscal Services

APPROVED:



Ember Lee Shinn
Managing Director

cc: Councilmember Stanley Chang
Councilmember Carol Fukunaga
Councilmember Joey Manahan
Councilmember Kymberly Marcos Pine
Real Property Assessment Division