

KIRK CALDWELL
MAYOR



April 22, 2014

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 18 (2014)

Bill 18 (2014) establishes the minimum property tax of \$300 for all parcels except those that are exempt under ROH Section 8-10.10 or ROH Section 8-10.27 and except as provided in ROH Section 8-10.28(b)(2). For parcels granted an exemption under Section 8-10.10, Bill 18 (2014) allows for a change of this minimum tax on a regular schedule over subsequent tax years.

The Department of Budget and Fiscal Services is not opposed to this amendment, but does have concerns regarding the bill's failure to address parcels with partial exemptions or multiple exemption types in place. This concern should be addressed to ensure that there are definitive guidelines that are adequate to administer the proposed changes effectively.

We request the amendment be referred to the real property tax commission that the City Council is in the process of convening. Such a referral would allow that commission to conduct a systematic review of the City's real property tax structure using such standards as equity and efficiency.

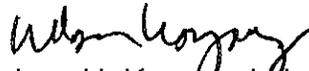
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ANN H. KOBAYASHI, JR.
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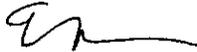
If you have any questions, please call me at 768-3901.

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