

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR

EMBER LEE SHINN
MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

May 21, 2014

The Honorable Ernest Y. Martin
Chair and Presiding Officer
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

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

Dear Chair Martin, Chair Kobayashi and Councilmembers:

SUBJECT: Proposed Revisions to the Hotel and Resort Class Tax Rate for Fiscal Year July 1, 2014 to June 30, 2015 and to the Executive Operating Budget and Program for Fiscal Year July 1, 2014 to June 30, 2015

Enclosed is my proposed Committee Draft 2 for a 50-cent increase for the Hotel and Resort Class from the tax rate proposed in Resolution No. 14-53, CD1 that establishes the real property tax rates for Fiscal Year July 1, 2014 to June 30, 2015. I also enclose a proposed Committee Draft 3 for Bill 12 (2014), CD2 for the Executive Operating Budget and Program for Fiscal Year July 1, 2014 to June 30, 2015 that allocates the additional tax revenues to various programs to address the homeless situation in Waikiki.

I request your thoughtful consideration of this proposal so that we may together address the growing homeless situation in Waikiki. My enclosed proposal is a 50-cent increase for the tax rate for the Hotel and Resort Class from the Committee Draft 1 considered by your Budget Committee on May 13, 2014; it is a restoration of the tax rate I proposed for the Hotel and Resort Class in Bill 15 (2014). The 50-cent increase is estimated to generate approximately \$4.1 million in tax revenues that I propose we allocate in the following amounts and for the following activities in Waikiki and as proposed in the enclosed Committee Draft 3 to Bill 12 (2014), CD2:

RECEIVED
CITY CLERK
C & C OF HONOLULU
2014 MAY 21 PM 4:20

The Honorable Ernest Y. Martin
Chair and Presiding Officer
The Honorable Ann H. Kobayashi
and Members
Committee on Budget
May 21, 2014
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- \$750,000 for increased enforcement in Waikiki of laws such as those for stored property, sidewalk nuisance and park closure;
- \$250,000 to the Waikiki Business Improvement District for more frequent cleaning of sidewalks, bathrooms and public areas;
- \$200,000 to the Waikiki Business Improvement District for increased security patrols;
- \$2 million to the Waikiki Business Improvement District for rental unit vouchers to provide shelter to homeless individuals and families; and
- \$896,929 to the Waikiki Business Improvement District for grants to non-profit organizations to provide outreach and services to homeless individuals and families in Waikiki.

I defer to you how best to accomplish the revision to Resolution No. 14-53, CD1 and to Bill 12 (2014), CD2 but have enclosed the proposals herewith as Committee Drafts. To afford more opportunity for public comment and Councilmember discussion, my preference is to have the proposals heard in Committee, with the Budget Committee scheduled to meet on Wednesday, May 28, 2014. If amenable, I ask Council Chair Martin and Budget Committee Chair Kobayashi to pursue what action is necessary to have the Resolution and the Bill returned to the Budget Committee for consideration. If my staff may be of assistance in converting these documents to Floor Drafts, or with any other related matter, we are pleased to assist.

I am aware as well of publication notices required by our tax ordinance for notice of the Council's adoption at the next Council meeting of the tax rates for the next fiscal year. To provide prior 10-day notification, my calculation is that the publication must issue this weekend. I ask that you consider including suitable language in the published notice to advise the public that the tax rates as set forth in Resolution No. 14-53, CD1 may be increased by the Council.

With the Council's support I anticipate that together we can make significant improvements for our Waikiki businesses, workers and visitors.

Sincerely,



Kirk Caldwell
Mayor

Enclosures

PROPOSED AMENDMENTS TO THE EXECUTIVE OPERATING BUDGET

<u>AGENCY/ACTIVITY</u>	<u>AMENDMENT</u>	<u>AMOUNT</u>		
Department of Facility Maintenance				
Road Maintenance	Increase funding for salaries for enforcement of SPO/SNO laws in Waikiki.	\$ 400,000	S	GN
Road Maintenance	Increase current expense funding for WBID expenses such as sidewalk and bathroom cleanups, security patrols, rental vouchers for shelters, and outreach and services for the homeless in Waikiki.	\$ 3,346,929	CE	GN
Police Department				
Patrol	Increase funding for salaries for enforcement of SPO/SNO laws in Waikiki.	\$ 100,000	S	GN
Department of Parks and Recreation				
Grounds Maintenance	Increase funding for salaries for enforcement of SPO/SNO laws in Waikiki.	\$ 250,000	S	GN



RESOLUTION

DETERMINING THE REAL PROPERTY TAX RATES FOR THE CITY AND COUNTY OF HONOLULU FOR THE FISCAL YEAR JULY 1, 2014 TO JUNE 30, 2015.

WHEREAS, Article VIII, Section 3, and Article XVIII, Section 6, of the Constitution of the State of Hawaii, as amended, granted to the counties the authority to assess, impose, and collect real property taxes; and

WHEREAS, Section 8-11.1 of the Revised Ordinances of Honolulu 1990, as amended, provides that the Council of the City and County of Honolulu shall annually set the tax rate or rates for the classes of real property established in accordance with Section 8-7.1(c)(1), Revised Ordinances of Honolulu 1990, as amended; and

WHEREAS, under said Section 8-7.1(c)(1), Revised Ordinances of Honolulu 1990, as amended, the following classes are established as general classes for purposes of real property taxation:

- (A) residential
- (B) hotel and resort
- (C) commercial
- (D) industrial
- (E) agricultural
- (F) preservation
- (G) public service
- (H) vacant agricultural
- (I) residential A;

and

WHEREAS, Section 8-6.2 of the Revised Ordinances of Honolulu 1990, as amended, provides for the assessment and levying of real property taxes on a fiscal-year basis beginning July 1 of each calendar year and ending June 30 of the following calendar year; and

WHEREAS, tourism is one of the largest industries in the City and County of Honolulu and a major source of economic growth; and

WHEREAS, the number of homeless people living in Waikiki has increased dramatically, which could affect tourism and investment in Waikiki; and

WHEREAS, an increase of \$.50 in the real property tax rate for the hotel/resort class is proposed to provide \$4.1 million in dedicated funding to address the homelessness problem in Waikiki; now, therefore,



RESOLUTION

BE IT RESOLVED by the Council of the City and County of Honolulu that the following schedule of rates be, and are hereby, determined as the respective rates at which real property in the various general classes in the City and County of Honolulu shall be taxed per \$1,000 of assessed value for the fiscal year July 1, 2014 to June 30, 2015.

		Tax Rate Per \$1,000 Net Taxable Real Property
Class (A)	residential	\$ 3.50
Class (B)	hotel and resort	\$13.40
Class (C)	commercial	\$12.40
Class (D)	industrial	\$12.40
Class (E)	agricultural	\$ 5.70
Class (F)	preservation	\$ 5.70
Class (G)	public service	\$ 0.00
Class (H)	vacant agricultural	\$ 8.50
Class (I)	residential A	\$ 6.00

INTRODUCED BY:

DATE OF INTRODUCTION:

 Honolulu, Hawaii

 Councilmembers