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Real Property Tax Advisory Commission  
City and County of Honolulu

Dear Commission members,

I hope to be able to attend the Real Property Tax Advisory Commission meeting on Wednesday September 24th, but if my schedule does not permit, I would like to at least submit this testimony regarding the new Residential Class A determination and tax structure.

I have been following the recent news regarding Residential tax rates in the Star Advertiser and have noted that several individuals have complained of the unfairness of the rates due to the failure to obtain their homeowner's exemption which would then allow them to keep their tax rates at \$3.50 per \$1000 valuation rather than the increased \$6.00 per \$1000 valuation for the newly created Class A residential properties.

I submit that there is another unfairness in the new residential class determination and rate structure. Our family owns 2 homes, each valued at approximately \$1,000,000; one in Aina Haina (purchased in 1985) for its necessarily close proximity to my work as a surgeon in private practice and for the schools for our three children and definitely not a home for entertaining, and one home in Laie (purchased in 1999) which is in reality an extension of our town home and used for all of our family gatherings, entertaining, and country living experiences for our family, friends, and animals with open spaces, a small stream, a small forest, fishes and chickens. Our country home is not an investment in the monetary sense. It is an investment in our children, their friends, and cousins who have shared our property learning to play, live, and work with nature. We do not rent, loan, trade, or exchange either of our homes. Both homes are exclusively for our own use and while they are two distinct properties, they really comprise one home and are utilized as such (75% town home use, 25% country home use). Our 2 homes are really analogous to a 2 million dollar 2 story home with an upstairs used privately for our immediate family, and the downstairs and yard used for entertaining family and friends. The only difference between the single 2 story home and our 2 separate homes is the distance and drive between the homes. One cannot rightly assume that either one of

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my 2 homes is an investment property without also assuming that any owners property is an investment property without actually determining and assigning motive to the owner at the time of purchase and sale.

It seems odd then, that with the current property designation, our annual property taxes would be \$3,500 for our town home and \$6,000 for our country home for a total of \$9,500 per year, whereas if we owned a single \$2,000,000 two story home our annual tax would be \$7,000. Therefore, for the same valuation of our two homes combined, the annual tax would be \$2,500 more than if we had one \$2,000,000 home and used it for our day-to-day living and for our entertaining and family gatherings, although without the space, without the stream, without the forest and animals, and without the country living.

I am sure that our family is not the only family to desire a more broad experience for our children. Our parents and grandparents are from country towns (Hilo, Makawele, and Waialua) and I'm from Laupahoehoe. We cherish the country environment and have been fortunate to incorporate this in our own children's lives and have made the choice to have 2 older (1951 and 1939) separate homes of relatively modest comforts rather than a more modern and expensive and luxurious single home. Is it fair and right to charge us and other like us an additional \$2,500 each year?

If more revenue is required for the operation of the city and county, the benefits of this increased revenue will be shared by all residents and therefore, the increased tax rates should also be shared by all residents as well, and not used as a de facto punishment for those of us who have chosen to divide their living in 2 locations expressly for the benefit of their family's lives.

Thank you for for your attention.

Sincerely,

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