

DEPARTMENT OF BUDGET AND FISCAL SERVICES  
**CITY AND COUNTY OF HONOLULU**  
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January 12, 2016

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

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Dear Chair Kobayashi and Councilmembers:

SUBJECT: Proposed Bill 77, CD1 (2015)

The Department of Budget and Fiscal Services ("BFS") has serious reservations with the Proposed Bill 77, CD1 (2015), which allows a home exemption claim to continue during a sabbatical, a temporary work assignment, or while the home is damaged or destroyed as a result of a fire. These are all periods where the residence is not occupied and the home exemption would ordinarily be disallowed.

New paragraphs (H) and (I) within Bill 77 do not contain provisions previously agreed to and specified in paragraph (G). These include the requirement that the vacated property not be sold during the time the home is not occupied, that the homeowner submit a change in status report to BFS prior to vacating the home and again before re-occupying the home with the reason for the absence, a verifiable address of temporary residence, a certification of intent to re-occupy the home, and the actual date the homeowner will re-occupy the home. BFS is also concerned that there is no definition for the terms "sale" or "uninhabitable" that would assist in the oversight of these properties during the periods of non-occupancy or when violations of the home exemption occur. And while we have the opportunity, we should also amend certain parts of paragraph (F) to comport with paragraph (G).

Without the inclusion of the foregoing points in paragraphs (H) and (I), Bill 77 does not require a commitment from homeowners on sabbatical, on temporary work assignment or displaced by fire, to re-occupy their homes. Because this legislation is

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designed to preserve the home exemption, which for many is a tax relief measure, the homeowner must keep BFS apprised of its intent and its whereabouts during the continuation of the home exemption while the home is not occupied or is uninhabitable.

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

Sincerely,



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

APPROVED:



Roy K. Amemiya, Jr.  
Managing Director