

Testimony Larry Aruda ORPTAC

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Sent: Wednesday, July 31, 2019 8:46 AM  
To: Young, Randall K T  
Subject: Prop. Taxes

To: The Honolulu Real Property Tax Advisory Commission

**REAL PROPERTY TAXES**

For years there has been talk of finding a more equitable property tax system. The existing property tax system, while quite convenient for the politicians across the country, has, for several years, caused tremendous inequities leading to some real hardships on property owners.

I'm not sure but I believe that most, if not all government agencies that impose real property taxes on their citizens use two factors to determine the amount of taxes owed.

- 1) The assessed value. Which is determined (guessed) by an agency employee who in most cases has little to no appraisal experience; and
- 2) the tax rates set by the agencies governing board.

On Kauai, that's our 7 member County Council.

Just about every politician, in an attempt to get elected, makes some sort of promise that he/she will not raise taxes. Yet we continue to see our taxes grow year after year.

The one most noticeable is property taxes.

With the always changing factor being the property value, the politicians rest easy that they can't be blamed for that increase. But we are somehow programmed to believe that we're so lucky because our property value went up.

As pointed out time and time again, that is only an advantage if you are planning to sell your home or if you are in the investment business (speculator) of buying and selling real property.

Property taxes pay for services from your County and/or City.

Everyone gets the same services. No matter how much your property is worth. When your property taxes go up, you are not privileged to more or better county services. You just are paying more for the same services. The higher taxes just provide more funding for the same inefficiencies and the same extravagant inappropriate policies. (Unnecessary overtime, misuse of county fuel system, misuse of overtime and sick time). It doesn't pay for our highway maintenance or better roads or more roads. It doesn't even pay for your trash pickup anymore.

Wouldn't it make more sense to be taxed based on the size of your property and the size of the improvements on your property? That way, your taxes would only go up if you added some improvements on your property, OR if the politicians, who are elected by you, increase the tax rates.

All the information necessary to implement such a system is presently on record at the county.

The categories of properties could remain the same as they are now. Each category of properties would have a unit rate per square foot of land, and a unit rate per square foot of improvements. Except for a few minor adjustments, the same exemptions can also still be applied.

The big difference is that your property taxes would not be affected by the ever changing, unpredictable, sometimes volatile and over exaggerated property values.

Remember, property taxes pay for county and/or city services. We all get the same services.

With the above proposed system, increases to the tax rates, set by the County Council could also be limited to the Consumer Price Index.

Once this system was implemented, the tedious time-consuming and costly job of reassessing every property on the island every year would no longer be necessary. Another savings of tax dollars.

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