

2019 Oahu Real Property Tax Advisory Commission

December 2, 2019

HAND DELIVERY

The Honorable Chair and
Presiding Officer Ikaika Anderson and
Members of the City Council
Honolulu City Council
Honolulu Hale
530 South King Street, Room 203
Honolulu, Hawaii 96813

Dear Chair Anderson and Members of the City Council:

Please find attached our 2019 Oahu Real Property Tax Advisory Commission Report to the City Council. The Commission diligently worked to adopt recommendations that we believe would improve fairness, equity and transparency relating to Honolulu's real property tax valuation methodologies, classes, exemptions, credits and minimum tax. We especially wish to thank you and the Council for passage of Resolution 19-199, introduced by Councilmember Kobayashi at our request, to add valuation methodologies as a subject for the Commission's consideration. We believe that this issue was important to the Commission's work this year and will help future commissions to provide meaningful recommendations on this important issue.

It was our privilege to be of service to you, and we look forward to working with the City Council to implement our recommendations. We will be readily available should you or any of the Councilmembers have questions about the Report.

We hope that you will find this Report helpful in your deliberations on the budget next year.

Respectfully submitted,



Ray Kamikawa, Chair
2019 Oahu Real Property Tax
Advisory Commission

Enclosure

cc: 2019 Oahu RPTAC Commissioners

2019 OAHU REAL PROPERTY TAX ADVISORY COMMISSION
Ray Kamikawa, Chair; Scott Higashi, Vice-Chair
Commissioners: Amy Hirano, Natalie Iwasa, Joy Kimura, Earl Mente, Matthew Pennaz

Report of the 2019 Oahu Real Property Tax Advisory Commission

1 BACKGROUND

Under Resolution 17-112, as amended by Resolution No. 19-199, the Honolulu City Council established the Oahu Real Property Tax Advisory Commission 2019 (the “Commission”) consisting of seven citizens. The Commission’s charge was to conduct a systematic review of the City & County of Honolulu’s (the “City”) real property tax system’s valuation methodologies, classes, exemptions, credits, and minimum property tax, using such standards as equity and efficiency.

The Commission understands and appreciates that it is not the first and gratefully acknowledges the efforts of its predecessors. The Commission has repeated certain recommendations from prior commission reports, especially addressing certain exemptions that were believed not to be justified. Considering that those recommendations have been repeated over the years, the City Council should take appropriate note.

The Commission did address many new issues not faced by its predecessors, including questions about the City’s valuation process in general and the Marshall and Swift replacement cost manual in particular, which manual was recently procured by the City and which is now being used in appraisals for real property improvements. The Commission believes that the public should know how the manual operates, its underlying assumptions, the data used to arrive at replacement cost information for each property type, and the justification for upward valuation adjustments for Hawaii as compared to the national replacement cost information. Unfortunately, the City has refused to cooperate with the Commission in divulging this information. The Commission therefore believes that its most important function on this issue is to identify and spotlight the City’s use of the Marshall and Swift manual, and leave it to others and perhaps future commissions to obtain more transparency in the manual’s use by the City. Education about the valuation process in general is also of prime importance to understanding and acceptance of the process by the public.

Another new issue concerns the use of the income methodology, a methodology not currently permitted by ordinance, for income-producing properties. The Commission notes that the income methodology as a recognized valuation methodology in addition to the cost replacement and market data

methodologies. The Commission believes that the income methodology should be considered for use by a taxpayer on a property-by-property basis in negotiating valuation with assessors and in appeals of assessments. The Commission does not recommend use of the income methodology for mass appraisals. The City offered testimony that did not address the Commission's proposal, but focused only on concerns with this methodology in the context of mass valuations, and need for education of assessors, which do not relate to the Commission's proposal.

Recent enforcement efforts through enactment of ordinance 19-18 (Bill 89 (2018), CD2) on transient vacation units ("TVUs") that do not have a nonconforming use permit in residential areas outside of Waikiki brought attention to the property tax rate that should be appropriate for legal TVUs with nonconforming use certificates ("NUCs"). These properties are commercially operated and appear on the surface to be similar to hotels and resorts. At the same time, these properties do not have many of the amenities and benefits common to hotels. The Commission therefore recommends that a new classification be established for TVUs with NUCs at a rate lower than hotel/resort, but higher than homeowner residential. Included in this classification would be bed and breakfast homes ("B&B") with NUCs.

To address the shortage of workforce housing on island, the Commission recommends that property tax exemptions be permitted for accessory dwelling units and redevelopment of property in low income census tracts, including the Chinatown historic district. Various other exemption proposals were considered and the Commission's recommendations as to each are detailed in this report.

The role of the Commission is purely advisory. Its recommendations are sent to the Council for them to act as they see fit consistently with their roles and responsibility to their constituents. Most, if not all, of the recommendations contained in this report can only be implemented by amending the Revised Ordinances of Honolulu, which can only be done using a process that requires exposure of the concepts to the public and a consequent opportunity for the public to submit testimony and comments. The Commission recommends that more time be given to future commissions to organize, take more testimony, and deliberate on real property tax recommendations.

The Commission organized three committees to focus on the following: (1) Valuation, (2) Rates and Classifications, and (3) Credits and Exemptions. The Commission has adopted the Committees' recommendations in the following report.

2 VALUATION – LACK OF TRANSPARENCY IN VALUATION PROCESS

People should be able to find out the basis for government decisions. We therefore recommend the city increase its efforts at educating the public as follows:

- Explain the two types of valuation methods the City uses – market approach and cost approach;
- Explain the adoption of the Marshall and Swift replacement cost manual and how it is used to value Hawaii real property improvements;
- Explain the difference between mass and individual appraisals;
- Provide a list of examples of common attributes used;
- Explain that land values are estimated and depreciation is considered for improvements;
- Provide a hypothetical property valuation and include a copy of the related MK127; and
- Include links to the Revised Charter of the City and County of Honolulu and Revised Ordinances of the City and County of Honolulu as applicable.

Appeals were mentioned several times as recourse for taxpayers who thought their property values were too high. The City does have a page for appeals information, but it currently states “Unavailable.” We also therefore have recommendations regarding education on that process:

- Provide a timeline for taxpayers, so it is clear when appeals take place;
- Include the requirements for appealing, e.g., assessment increased more than 10% over the prior year; and
- Explain why the page is currently “Unavailable.” A couple of other suggestions are as follows:
 - On the FAQs page, list the questions covered and provide links to the answers; and
 - Fix the links that go to the real property tax calculation.

Several people testified regarding valuations of their properties and others in their area. People do not understand how valuations are done. The lack of transparency is creating confusion and frustration on the part of taxpayers.

The Valuation Committee was unfortunately unable to complete its work in the area of a comprehensive review of the real property tax valuation methodologies. This is because the Administration refused to answer any of the questions submitted by the Committee, as evidenced by the on-record testimony at the Commission meeting of September 19, 2019, especially concerning the City's adoption of the Marshal and Swift manual for appraising real property improvements on a replacement cost basis. The Administration cited their fear that the potential misinterpretation of their answers to the Committee's questions would jeopardize the outcome of pending appeals. This reasoning is specious.

Property value is a critical part of the equation in determining property tax owed. It is worth noting that the City only provides a notice of value, and not taxes owed, prior to the start of a new tax year. The questions posed by the Committee (see Appendix A) are general in nature and scope, and were designed to provide the Commission and the public reasonable transparency as to the valuation methods and process used by the City to determine property values. Taxpayers have a right to clearly understand how properties are valued and are owed full and complete transparency by the taxing authority. The Committee was not given full and complete transparency, and therefore, neither are taxpayers. The solution provided by the Administration in their testimony was that a taxpayer should appeal if they are unhappy with or disagree with the City's valuation of their property.

In addition to its questions, the Committee filed Freedom of Information Act (FOIA) requests to the Administration to gain access to documents that would help provide transparency to the Commission. These requests were denied by the Administration, with the exception of one item, a copy of the Marshall & Swift executed contract. The related purchase order was also provided. The contract and purchase order are now posted at the UIPA.org web site:

<https://uipa.org/files/foi/966/CT-BFS-1700195ExecutedContract.pdf>

<https://uipa.org/files/foi/966/PO-BFS-1700134.pdf>

(See Appendix A for timeline and details of requests made.) This buttresses the Committee's conclusion that the Administration has not provided complete transparency in to the property tax valuation methodology or process.

What is troubling about the Administration's refusal to answer the Committee's questions is the strong inference that the Administration is concerned that they will not prevail on pending appeals if they answer the questions the Committee posed. If in fact the process of valuation is proper and is objectively performed, then no appeal should be impacted by answering general questions about valuation. What is clear is that the valuation process used by the City is unclear to taxpayers and is not transparent. It also appears that the City does

not provide sufficient resources for a taxpayer to have a level playing field if they disagree with their valuation and therefore their property taxes, instead inviting an appeal in a very short window to gain access to information that is both helpful and critical to the taxpayer to understanding the valuation process.

3 VALUATION – INCOME METHODOLOGY

We recommend that the income method of valuation be recognized by the Honolulu Real Property Assessment Division and Administration as a valid method for property owners to use when requesting the City to review their appraisals either through discussions with the office or in formal appeals. This recommended change would apply to commercial, industrial and hotel properties.

Revised Ordinances of Honolulu (ROH) Sec. 8-7.1, subsection (a) currently allows two methods of valuations. It states in part:

“Valuation--Considerations in fixing. (a) The director of budget and fiscal services shall cause the fair market value of all taxable real property to be determined and annually assessed by the market data and cost approaches to value using appropriate systematic methods suitable for mass valuation of real property for ad valorem taxation purposes, so selected and applied to obtain, as far as possible, uniform and equalized assessments throughout the county.”

We noted during our discussions that the income method of valuations is also recognized as a valid method of valuing income-producing properties. The Honolulu City Council has had discussions regarding the income method of valuation, but concerns were brought up about the lack of data. It was noted in Committee discussions, however, that on a case-by-case basis, this could be a valid method used by individuals who disagree with the assessed value of their property. The income method would be only used at the option of the taxpayer on a property-by-property basis, and not on a mass valuation basis. Thus, the Administration’s concerns about privacy of income information and needed training for assessors are inapposite. Indeed, the testimony of Gary Kurokawa, Chief of Staff to the Mayor, at the Commission meeting on November 7, 2019, was clear that assessors do use the income methodology in appropriate situations, so codifying this methodology would not be inconsistent with current practice, and would make its application known and uniform for both taxpayers and assessors.

4 RATES AND CLASSIFICATIONS – TVUs AND B & B's, BILL 55

The Commission recommends that TVUs with NUCs be subject to a new transient accommodations classification using the state's transient accommodations tax 180-day threshold. This new classification is to be taxed higher than the residential homeowner, but lower than hotel/resort rates. The imposition of the higher tax would, however, only become effective after Administration effectively enforces ROH § 19-18. In addition, the Commission recommends that the City Council consider providing an effective date for Bill 55 to no earlier than January 1, 2020.

Bill 55 (2019) CD1 provides that "Real property operating as a transient vacation unit under a valid nonconforming use certificate or as otherwise permitted under Chapter 21 must be classified as hotel and resort. For purposes of this subsection, "transient vacation unit" means the same as defined in Section 21-10.1."

The Commission takes a different approach, that of creating a separate classification for TVUs with NUCs, mirroring the state's transient accommodations tax 180-day threshold. This separate classification would be justified because, whether the transient use is less than 30 days or less than 180-days, the essence of the use remains essentially transient. And although these properties are on their face similar to hotels and resorts, the Commission recognizes that TVUs do not enjoy the same benefits and amenities as do hotels and resorts. Nevertheless, the Commission recognizes that the transient use is for commercial purposes and therefore recommends that they be taxed at a higher rate, i.e., higher than residential homeowner but lower than hotel/resort. The Commission did not have sufficient information or time to analyze the exact rate that should be imposed.

The Commission also recommends that B&Bs, which are similar in nature to TVUs, also be included in this new transient accommodations classification.

The Commission also heard testimony about the Administration's failure to effectively enforce the new ordinance against illegal TVUs. In one case, a testifier was told by a City employee that the Administration would not enforce ROH § 19-18 in a major property where hundreds of illegal TVUs were operating. This gives illegal TVUs an unfair advantage over legal TVUs, and no increased rate should be imposed until the Administration commits to enforcing the ordinance against illegal TVUs across the island.

Bill 55 (2019) CD1 proposes to create a real property tax classification for properties used for bed and breakfast home purposes and clarify the classification of transient vacation units.

As discussed above, the Commission takes a different approach to this situation. However, it appears that Bill 55 may be enacted soon. If so, the Commission recommends that Bill 55 be implemented only after assurances that the Administration is enforcing ROH § 19-18 fairly and equitably.

5 RATES AND CLASSIFICATIONS - RESIDENTIAL

The Commission heard testimony from Honolulu residents on the fairness of the Residential A Property Tax assessment and rate structure and recommends keeping the Residential A Property Tax Classification as it currently stands. The Residential A Property Tax is levied on properties that are not primary residences and the Commission did not receive sufficient data or evidence to recommend any changes.

6 CREDITS AND EXEMPTIONS – NEW ACCESSORY DWELLING UNIT (“ADU”) PROPERTY TAX EXEMPTION

The Commission recommends adoption of a property tax exemption, similar to or beyond the contents of Council Bill 63 (2018) to promote the construction of ADUs throughout Honolulu.

While there is no single simple answer for increasing the supply of affordable and workforce housing in Honolulu, zoning changes allowing the construction of ADUs within Single Family Residential lots was a strong step in that direction. In order to incentivize construction of new ADUs by lowering costs Ordinance 16-19 waived wastewater facility charges, grading, plan review, and building permit fees for ADUs. The Ordinance did not address property taxes, however, and the Commission recommends that the Council revisit this issue.

7 CREDITS AND EXEMPTIONS – PROPERTY TAX ABATEMENT FOR REDEVELOPMENT OF LOW INCOME AREAS

To help facilitate job creation and revitalization of low income areas throughout Honolulu, the Commission recommends creating an “economic development” property tax abatement within all designated 2011-2015 LIC Census Tracts in Honolulu County.

Any construction of new facilities or redevelopment/improvement within a designated tract would be allowed to abate the difference between the original value of property and value after improvements for a maximum of 15 years per TMK, with total abated taxes capped at \$500k per TMK. Such tracts may follow the federal Opportunity Zone areas or other such similar tracts.

8 CREDITS AND EXEMPTIONS – ROH § 8-10.10 IN TWO

The Commission reviewed, but does not support, adjusting the list of non-profit entities as defined in ROH § 8-10.10.

The Commission agrees with the existing public policy benefit in maintaining the current list of exempted non-profit organizations. There are many non-profit organizations that are not 501(c)(3)s that provide tremendous benefits to the community and are justified in receiving a real property tax exemption. A future commission may consider addressing the breadth of and lack of clarity relating to the term “charitable purposes” as used in the ordinance, and receive more testimony from the public and administration for that purpose.

9 CREDITS AND EXEMPTIONS – BILL 33 - RELATING TO REAL PROPERTY TAX EXEMPTIONS FOR HOMES

The Commission was tasked with reviewing Bill 33 (2019) CD1, which has two parts. The Commission supports the proposal to increase of the real property tax credit from \$60,000 to \$65,000, but does not support the proposal to decrease the home exemption based on higher values of property.

To qualify for the real property tax credit under ROH § 8-13.2 for homes, the combined income of all titleholders for the calendar year preceding the date of

the application for the tax credit does not exceed \$60,000. To provide tax credit relief for more homes, the Commission recommends that this income threshold should be increased to \$65,000, as provided in Bill 33.

Bill 33 also proposes to decrease the home exemption as property values increase. The Commission does not recommend adoption of this proposal. There is difficulty in determining a connection between the value of a home and the amount that should be exempted. In addition, testimony from Steven Takara, Administrator, RPAD, notes that there will be substantial administrative work required by the City relative to the amount of revenue generated. The Commission is also concerned about potential unintended consequences of the legislation, such as punishing local families, and rational nexus arguments.

10 CREDITS AND EXEMPTIONS – BILL 30 – RELATING TO COLD SEAWATER-BASED DISTRICT COOLING SYSTEM

The Commission recommends that the proposal to exempt property for sea water air conditioning systems not be adopted.

This exemption focuses on businesses that connect to a regional sea water air conditioning system, receiving tax exemptions for utilizing the system. The exemption is intended to assist the seawater air conditioning producer in signing up users to sell their product. While the Commission strongly supports the environmental benefits of seawater air conditioning and lauds the intent of signing up as many prospective customers as possible, we believe that it would not be equitable to provide a tax exemption to only one specific for-profit business when there are many other for-profit businesses receiving no exemptions. The Commission also had concerns with a lack of transparency in the amount of taxes that would be exempt, the fact that the City currently subsidizes large-scale renewable energy generation through property tax exemptions, the fact that the system will still likely be built regardless of the tax credit, and the fact that the seawater air conditioning system may only be utilized by certain buildings with compatible central plant chilling mechanisms.

11 CREDITS AND EXEMPTIONS – BILL 3 (2019) RELATING TO THE INCREASE IN THE HOME EXEMPTION

The Commission was tasked with reviewing Bill 3 (2019), which became Ordinance 19-7 on May 14, 2019 with unanimous support by the City Council. The Commission supports this ordinance, and further recommends that the Homeowner Exemption be annually adjusted to an inflation index, such as the Federal Bureau of Labor Statistics Consumer Price Index for the Hawaii Area.

12 CREDITS AND EXEMPTIONS – MODIFICATION OF ROH § 8-10.22: HISTORIC RESIDENTIAL REAL PROPERTY

The Commission recommends modification of ROH § 8-10.22 relating to historic residential real property, to increase the minimum real property tax from \$300. The Commission recommends that fully exempt real property be subject to a minimum real property tax of \$1,000 and partially exempt real property be subject to real property taxes in an amount no less than \$1,000.

13 CREDITS AND EXEMPTIONS – REPEAL OF ROH § 8-10.24: CREDIT UNIONS

The Commission recommends repeal of ROH § 8-10.24 relating to property tax exemptions for credit union owned real property, and that federally chartered or state chartered credit unions be taxed at the same rate as commercial real property.

During the November 7, 2019 Commission meeting testimony was received from credit unions and credit union advocacy groups noting the benefits of the unions to their members including increased rates on savings over for-profit banks. However in the opinion of the Commission, the testimony did not justify an equitable policy position to enable continued tax exemptions for this particular group. We note that credit unions enjoy federal and state income tax exemptions under 12 U.S.C. § 1768, copy attached in Appendix B.

14 CREDITS AND EXEMPTIONS – MODIFICATION OF ROH § 8-10.30: HISTORIC COMMERCIAL REAL PROPERTY

The Commission recommends modification of ROH § 8-10.30 relating to historic commercial real property, to increase the minimum real property tax from \$300. The Commission recommends that fully exempt real property be subject to a minimum real property tax of \$1,000 and partially exempt real property be subject to real property taxes in an amount no less than \$1,000.

15 CREDITS AND EXEMPTIONS – REPEAL OF ROH § 8-10.33: CHILD CARE CENTERS

Similar to the findings of previous commissions, the Commission recommends repeal of ROH § 8-10.33 relating to for-profit Child Care Centers, with the intent of balancing for-profit enterprises from an equitable policy standpoint.

16 CREDITS AND EXEMPTIONS – ROH § 8-10.35: CENTRAL KAKAAKO INDUSTRIAL ZONE

Ordinance 16-21 which created the Central Kakaako Industrial Zone tax exemption took effect on July 1, 2017 and is set to expire on June 30, 2027. The Commission recommends that this Ordinance be accelerated to expire upon the date of substantial completion of the Central Kakaako station of the Honolulu Area Rapid Transit system, rather than June 30, 2027.

We believe that the Council's stated intent of the Ordinance, to promote industrial uses within Transit Oriented Development zones, is being accomplished through established zoning requirements of HCDA's Mauka Area Rules. Additionally, in review of this policy, the Commission believes that the exemption fails from an equity perspective as there are many other non-industrial business properties in Kakaako that do not receive a property tax exemption.

17 CREDITS AND EXEMPTIONS – BILL 23 – EXEMPTION FOR CHINATOWN PROPERTIES PURCHASED FROM THE CITY

The Commission recommends passage of Bill 23 and believes that the exemption should be expanded to other areas in Honolulu with similar needs.

The Commission recognizes the needs of the Chinatown historic district opportunity zone area, which is blighted, under stress, and suffers from high crime. In this area stand certain of the City's aging affordable housing and commercial properties that are in need of redevelopment. This bill offers a creative solution to the long-standing urban challenges in downtown Honolulu and Chinatown by providing a tax exemption for properties purchased from the City in this area and that are proposed for rehabilitation through an Opportunity Zone Fund, and under which the affordable housing units would be preserved. Bill 23 is also designed to have a minimally disruptive revenue impact due to its being tied to the federal Opportunity Zone investment window.

18 CREDITS AND EXEMPTIONS – LONG TERM LEASED HOMES

The Commission recommends that a future commission research and consider the issue of whether long-term (one year or more) leased residential property should qualify for the homeowners' exemption.

With so many residences in Hawaii being leased long term, consideration should be given to qualifying such leaseholds for the homeowners exemption, the same as for homes under ROH § 8-10.4. Resources such as the Hawaii Data Book may be consulted for income levels of renters and how much of their income must be expended for rents, as compared to homeowners. A future commission would also benefit from testimonies from the public and administration on the need for and revenue impact if this exemption were to be enacted into law. This proposal was made late in the Commission's deliberations and there was not sufficient time to research and take testimony on the proposal.

19 GENERAL OBSERVATIONS

The Commission, as with past commissions, recommends that it be permitted more time to organize and develop its agenda. This could be accomplished by extending the period during which the Commission would meet or to start the commission earlier in the year.

Attachments:

Appendix A – Timeline and Details of Requests Made to City by
Committee on Valuations

Appendix B – Credit Union tax exemption – 12 U.S.C. § 1768

**OAHU REAL PROPERTY TAX ADVISORY COMMISSION
VALUATION COMMITTEE
APPENDIX A**

August 8, 2019 – Oahu Real Property Tax Advisory Commission forms committees, including Valuation Committee

August 12, 2019 – Email notice from Steven Takara, Administrator of the Real Property Assessment Division (RPAD), “note provision (3) [of Resolution 17-112], which may not include the valuation process (review of the Marshall & Swift/Corelogic cost factor system and the income approach). If true, this subcommittee may have been tasked to review components of the real property tax system outside the desired scope.”

August 15, 2019 – Letter dated August 14, 2019, received from Council Chair Ikaika Anderson expressing concern Commission is “exceeding the scope of its charge” and recommended the Commission discuss an amendment to the resolution with Council.

August 15, 2019 – Resolution 19-199 introduced by Councilmember Kobayashi. Resolution adds “valuation methodologies” to the list of items to be reviewed by the Commission.

August 30, 2019 – In anticipation of adoption of Resolution 19-199 and Committee meeting September 5, 2019, following information was requested of Steven Takara:

- Please provide a schedule comparing assessed values for the last five years by property classification and area on Oahu;
- Please provide a copy of the contract with Marshall and Swift;
- Please provide a copy of the Marshall and Swift (or CoreLogic) manual and a summary description of how the model has been implemented, e.g., source of and assumptions about construction costs on Oahu;
- What is the estimated cost to implement the income approach to valuations?
- Could the income approach be used for select properties such as multi-family structures, office , commercial, industrial, short term rentals, etc. instead of blanket of all properties?
- Do you have ideas for sources of data that could be used for the income approach?

September 4, 2019 – Resolution 19-199 unanimously adopted by Council.

September 5, 2019 – Committee meeting. Steven Takara did not attend or provide requested information.

September 19, 2019 – During full Commission meeting statement from Steven Takara that he

will not attend Committee meetings or respond to questions because it may jeopardize real property tax appeals.

September 20, 2019 – Freedom of Information Act Request filed for “A copy of the current or most recent contract with CoreLogic that covers the Marshall & Swift Valuation software and/or services.”

September 23, 2019 – Freedom of Information Act Request filed for:

1. Marshall & Swift - CoreLogic Residential and Commercial Valuation Service Cost Manual;
2. Marshall & Swift - CoreLogic – Request for proposal or other procurement solicitations for Marshall & Swift-CoreLogic valuation services; and
3. Contract price for Marshall & Swift-CoreLogic valuation services.

September 27, 2019 – Denial of September 20, 2019, request received from Department of Budget & Fiscal Services (BFS), Purchasing Division because “The City does not have a contract with CoreLogic.”

September 30, 2019 – Freedom of Information Act Request for “Current or most recent contract or agreement with Marshall & Swift, provider of valuation services.”

October 7, 2019 – Denial of September 23, 2019, request received from BFS because:

1. For item 1 -- “Government record must be confidential to avoid frustration or [sic] government functions-confidential commercial/proprietary information.”
2. For items 2 and 3 – “See 9/27/2019 Notice to Requester”

October 10, 2019 – Valuation Committee meeting. Steven Takara and Gary Kurokawa, former Administrator of RPAD and current Chief of Staff to Mayor Caldwell attended. Position of City remains that they are concerned about real property tax appeals and providing requested information to the committee.

October 16, 2019 – Received response dated October 14, 2019, regarding September 30, 2019, request for contract with Marshall and Swift Valuation Software and/or Services. Request to be granted in its entirety after payment of \$41.75 by cashier’s check. Full amount to be charged \$46.25. Fee waiver request of \$60 for public interest was not granted, even though the stated public purpose was that it was for the Commission.

October 17, 2019 – Full Commission meeting. Discussion regarding October 10, 2019, Valuation Committee meeting. Minutes and audio recording are available here at <http://www.honolulu.gov/council/bc/real-property-tax-advisory-commission.html#>.

October 21, 2019 – Email to BFS from Committee Chair Iwasa with the following questions:

- If the document will be provided in its entirety, why are review and segregation fees being charged?
- Was the public interest discount denied? If so, why? Please note this request is made on behalf of the Oahu Real Property Tax Advisory Commission.
- The document will be emailed to me. Why are coping fees being charged?

October 24, 2019 – Committee met and agreed upon recommendations in report.

November 1, 2019 – Response from BFS: “The OIP Request you submitted [September 30, 2019] came from you and not from a government entity, therefore all charges apply. For the fees to be waived, an OIP has to come from a government entity.”

Committee Chair Iwasa called BFS Purchasing, and it was confirmed request would have to come from a government agency in order for fee waiver to apply. Other questions were not answered.

November 6, 2019 – Committee Chair Iwasa visited the Purchasing Division of the Department of Budget and Fiscal Services and was informed by a supervisor that the September 30, 2019, request for the “Current or most recent contract or agreement with Marshall & Swift, provider of valuation services” would have to come from a governmental agency in order to have all fees waived.

Iwasa was further informed that if such a request could be made before the next day, they would do their best to fulfill it. (Note the original request stated it was for the Oahu Real Property Tax Advisory Commission.)

Iwasa filed the revised request approximately 11:30 p.m.

November 7, 2019 – Full commission meeting. No response from the administration.

November 12, 2019 – Committee Chair Iwasa visited the Purchasing Division and was told by office staff that the request had not been received.

November 13, 2019 – Message sent to the Department of Budget and Fiscal Services.

November 14, 2019 – Brian Black from the Civil Beat Law Center, an organization that supports open government, contacted Corporation Counsel. Shortly thereafter, the contract with Marshall and Swift as well as the related purchase order were provided with all fees waived.

12 USCS § 1768

Current through Public Law 116-68, approved November 8, 2019.

United States Code Service > TITLE 12. BANKS AND BANKING (Chs. 1 — 54) > CHAPTER 14. FEDERAL CREDIT UNIONS (§§ 1751 — 1795k) > GENERAL PROVISIONS (§§ 1752 — 1775)

§ 1768. Taxation

The Federal credit unions organized hereunder, their property, their franchises, capital, reserves, surpluses, and other funds, and their income shall be exempt from all taxation now or hereafter imposed by the United States or by any State, Territorial, or local taxing authority; except that any real property and any tangible personal property of such Federal credit unions shall be subject to Federal, State, Territorial, and local taxation to the same extent as other similar property is taxed. Nothing herein contained shall prevent holdings in any Federal credit union organized hereunder from being included in the valuation of the personal property of the owners or holders thereof in assessing taxes imposed by authority of the State or political subdivision thereof in which the Federal credit union is located; but the duty or burden of collecting or enforcing the payment of such a tax shall not be imposed upon any such Federal credit union and the tax shall not exceed the rate of taxes imposed upon holdings in domestic credit unions.

History

HISTORY:

Act June 26, 1934, ch 750, Title I, § 122 [23] [18], 48 Stat. 1222; Dec. 6, 1937, ch 3, § 4, 51 Stat. 4; Sept. 22, 1959, P. L. 86-354, § 1, 73 Stat. 637; Oct. 19, 1970, P. L. 91-468, § 1(2), 84 Stat. 994.

United States Code Service
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