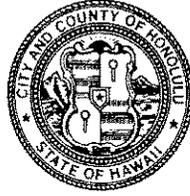


DEPARTMENT OF BUDGET AND FISCAL SERVICES  
**CITY AND COUNTY OF HONOLULU**  
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813  
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MUFI HANNEMANN  
MAYOR

MARY PATRICIA WATERHOUSE  
DIRECTOR

February 15, 2006

PATRICK T. KUBOTA  
DEPUTY DIRECTOR  
FEB 16 2 07 PM '06  
CITY CLERK  
HONOLULU, HAWAII

RECEIVED

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

Dear Chair Kobayashi and Members:

As we previously testified, we have serious concerns with Bill 12 (2006), FD1, and request that it be deferred. Further, we testified that we are willing to work together with Council to adopt a tax relief measure that benefits taxpayers while ensuring the fiscal health of the City.

The City Charter requires the Mayor to submit a balanced budget and the City Council to adopt operating and capital budgets and to set real property tax rates. We believe real property tax rates should not be set until the Mayor submits his operating and CIP budgets on March 2.

Bill 12 (2006), FD1 does not provide tax relief measures nor ensures the fiscal health of the City, further it places an artificial burden on the budget process that is working and may cause fiscally imprudent decisions during difficult financial times. Therefore, we again request the deferral of Bill 12 (2006), FD1.

Sincerely,

A handwritten signature in black ink, appearing to read "MP Waterhouse".

Mary Patricia Waterhouse, Director  
Department of Budget and Fiscal Services

MPW:dw  
cc: Real Property Assessment Division

APPROVED:

A handwritten signature in black ink, appearing to read "Wayne M. Hashiro".  
Wayne M. Hashiro, P.E.  
Acting Managing Director

Dept. Com. No. 0165