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CITY CLERK
HONOLULU, HAWAII

Burt Goldenberg
2333 Kapiolani Blvd.-3410
Honolulu, HI 96826

February 16, 2006

Chair Kobayashi:
City Council Members:

Budget Committee Meeting
Re: Bill 12 (2006)

Good Morning:

My name is Burt Goldenberg and I own an apartment at the Marco Polo.

I support the reduction of taxes for residential properties in 2007 and have provided some thoughts along the same lines as Bill 12 but with more flexibility for the current year, and possibly for the future.

Thank you for allowing me to testify.

Burton Goldenberg

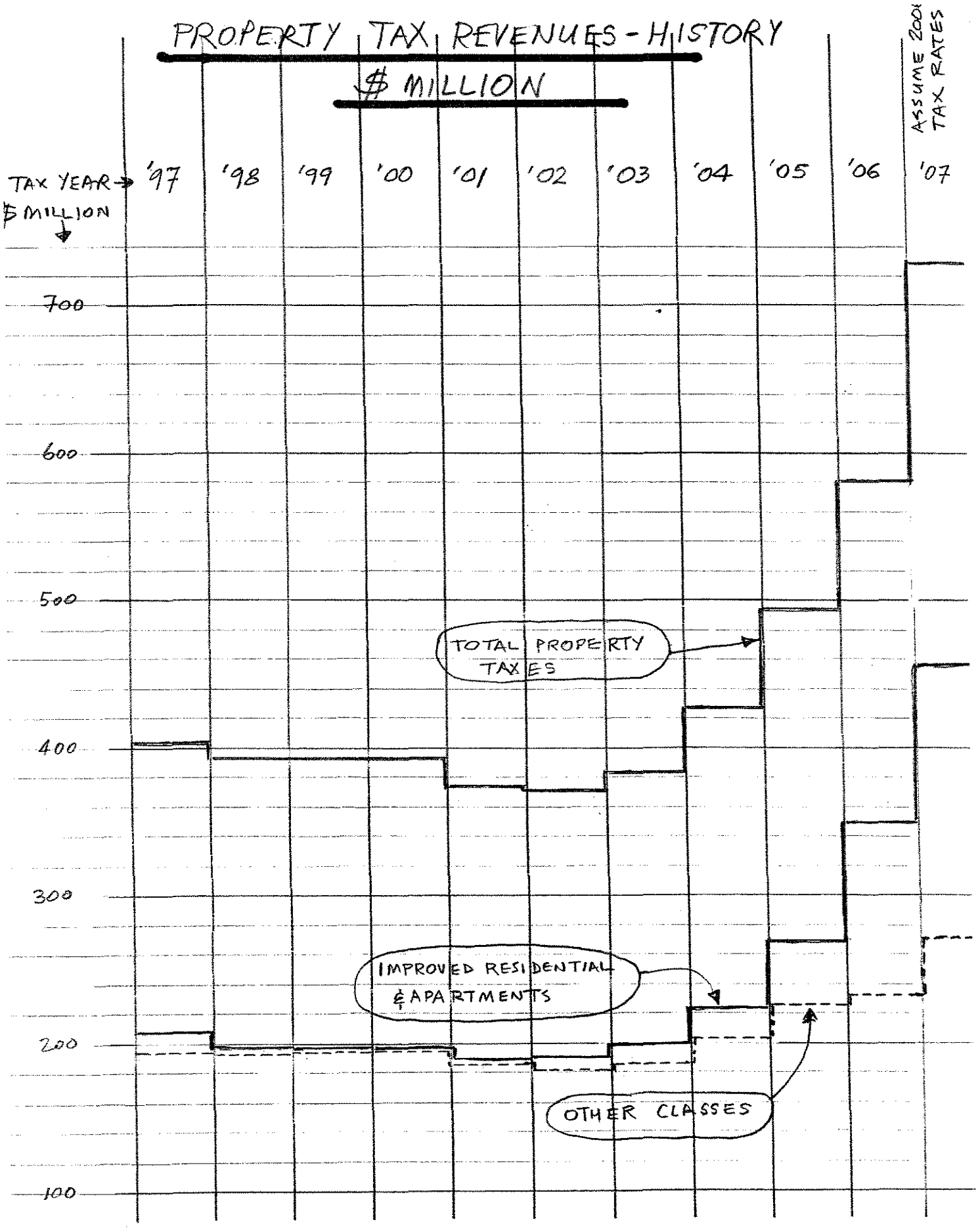
-Attachments

Misc. Com. No. 0497

B

PROPERTY TAX REVENUES - HISTORY

$ MILLION



PROPERTY TAX REVENUES - HISTORY

$ MILLION

	TAX YEAR →	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07
1	Improved Residential											
2	Apartments											
								5.1	11.6	20.6	29.5 %	31.0
3	LINE 1+2 Total Res.	208.75	198.54	197.61	197.34	189.51	190.59	200.35	223.67	269.67	349.30	457.
4	Commercial	89.73	89.94	89.96	89.97	85.53	84.73	84.75	96.91	102.62	109.36	124.7
5	Industrial	48.18	46.31	46.29	46.28	42.82	41.50	41.51	46.46	52.48	56.54	62.9
6	Hotel/Resort	44.76	45.99	46.56	46.58	44.10	45.39	45.56	48.02	51.47	53.53	66.5
7	Agricultural*	4.69	4.17	4.42	4.40	4.03	2.98	4.05	4.10	13.23	6.60	8.18
8	Preservation	4.01	4.30	4.38	4.46	4.71	3.93	3.98	4.25	3.87	3.45	3.74
9	Un Improved Res.	4.14	3.75	3.74	3.74	3.41	2.19	3.53	3.76	3.09	3.00	4.91
									11.0	11.4	2.5%	16.6
10	TOTAL 4 to 9	195.51	194.46	195.35	195.43	184.60	180.72	183.38	203.50	226.76	232.48	271.0
11	TOTAL Revenue 3 + 10	404.26	393.01	392.96	392.77	374.11	371.31	383.73	427.17	496.45	581.78	728.5
12	CHANGE IN REVENUE FROM PREVIOUS YEAR FOR IMPROVED RESIDENTIAL & APARTMENTS – LINE #3	—	(10.21)	(0.93)	(0.27)	(7.83)	1.08	9.76	23.32	46.00	79.63	114.1
13	CHANGE FOR OTHER CLASSES – LINE 10	—	(1.05)	0.89	0.08	(10.83)	(3.88)	2.66	20.12	23.26	5.72	38.5

* Including Vacant Agricultural

PROPERTY TAX REVENUE PER CLASS & YEAR – % OF TOTAL REVENUE

TAX YEAR → / CLASS	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
IMPROVED RESIDENTIAL + APARTMENTS	51.6	50.5	50.3	50.2	50.7	51.3	52.2	52.4	54.3	60.0	62.9
COMMERCIAL	22.2	22.9	22.9	22.9	22.9	22.8	22.1	22.7	20.7	18.8	17.1
INDUSTRIAL	11.9	11.8	11.8	11.8	11.4	11.2	10.8	10.9	10.6	9.7	8.6
HOTEL/RESORT	11.1	11.7	11.9	11.9	11.8	12.2	11.9	11.2	10.4	9.2	9.1
AGRICULTURAL	1.2	1.1	1.1	1.1	1.1	0.8	1.1	1.0	2.6	1.1	1.1
PRESERVATION	1.0	1.0	1.1	1.2	1.3	1.1	1.0	1.0	0.8	0.7	0.5
UN-IMPROVED RESIDENTIAL	1.0	1.0	0.9	0.9	0.9	0.6	0.9	0.8	0.6	0.5	0.7
Total %	100	100	100	100	100	100	100	100	100	100	100
TOTAL PROPERTY TAX REVENUE PER YEAR, ALL CLASSES	404,249	393,005	392,962	392,752	374,099	371,233	383,724	427,171	496,428	581,801	728.54

A BILL FOR AN ORDINANCE

ROH 8-11.1 CURRENTLY

(c) The council shall set the tax rate for each class of real property for a tax year by using the following method:

(1) Net taxable real property within each class shall be assigned a percentage of the total revenue to be derived from all real property.

(2) The percentage of revenue to be raised from net taxable real property within each class shall be multiplied by the total revenue to be raised from all real property in order to determine the amount of revenue to be derived from that class.

(3) The amount of revenue to be raised from each class shall be divided by the net taxable real property of that class to determine the applicable tax rate. The tax rate shall be expressed as a dollar amount per $1,000.00 of net taxable real property.]

(1) Tax rates for all taxable classes of property shall be initially established by the director using the following method:

(A) The director shall establish the estimated change in the operating fixed costs of the city and county of Honolulu, expressed as a percentage increase from the base tax year to the budgeted tax year. The estimate shall be based on at least three years of historical data and be based on the following:

(i) Payroll;

(ii) Debt service requirements;

(iii) Retirement system, FICA, and pension contribution requirements; and

(iv) Health fund contribution requirements.

(B) The director shall determine the average tax liability for each class of property for the base tax year as follows: sum the net tax liability for the base tax year of all parcels within the class, then divide the result by the total number of tax parcels in the class;

ASSUME TAX YEAR 2006
TAX RATES WILL CARRY
OVER FOR 2007

CITY and COUNTY of HONOLULU REAL PROPERTY TAX VALUATION for FISCAL YEAR 2006-2007 2006-2007

(In Thousands of Dollars)

DRAFT **DRAFT**

Land Use Class	Gross Valuation As of 12/05/2005	Total Exemptions	Net Valuation	50% Of Appeal Value	Number Of Appeals	Valuation For Tax Rate	Tax Rate Per $1,000 Value	Amounts Raised By Taxation
Improved Residential	$100,913,687	$11,144,160	$89,769,527	$350,989	2,310	89,418,538	3.75	457,474
Apartment	$36,902,027	$4,125,047	$32,776,980	$202,552	996	32,574,428 / 121,992,966	× 3.75	
Commercial	$12,734,653	$1,646,765	$11,087,888	$118,202	170	10,969,686	11.37	124,725
Industrial	$5,864,708	$254,212	$5,610,496	$73,971	110	5,536,525	11.37	62,950
Agricultural	$1,063,747	$74,839	$988,908	$71,823	176	917,085	(954,787) × 8.57	8,183
Vacant Agricultural	$59,052	$0	$59,052	$21,350	7	37,702		
Preservation	$424,629	$33,917	$390,712	$23,376	19	390,712	9.57	3,739
Hotel/Resort	$6,194,537	$155,145	$6,039,392	$188,802	358	5,850,590	11.37	66,521
Unimproved Residential	$1,449,953	$566,535	$883,418	$17,911	32	865,507	5.72	4,951
Public Service	$596,666	$592,938	$3,728	$9	1			
TOTAL	$166,203,659	$18,593,558	$147,610,101	$1,068,985	4,179	146,560,873	—	$728,543 2007
								(581,801) 2006
								+$147,742 2007 INCREASE

NOTE: Gross valuations do not include nontaxable properties.
Source: Administration/Technical Branch
Real Property Assessment Division
Department of Budget and Fiscal Services

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ASSUME $65,000,000 INCREASE FOR REVENUE REQUIREMENTS FOR 2007. THIS WOULD REPRESENT AN INCREASE OF 11.2 % FOR EACH OF THE PROPERTY TAX CLASSES.

CITY and COUNTY of HONOLULU REAL PROPERTY TAX VALUATION for FISCAL YEAR 2006-2007 **2006-2007**

(In Thousands of Dollars)

DRAFT **DRAFT**

Land Use Class	Gross Valuation As of 12/05/2005	Total Exemptions	Net Valuation	50% Of Appeal Value	Number Of Appeals	Valuation For Tax Rate	Tax Rate Per $1,000 Value	Amounts Raised By Taxation	2006 Rates
Improved Residential	$100,913,687	$11,144,160	$89,769,527	$350,989	2,310	89,418,538	3.18	388,421	3.75
				121,992,966 →					
Apartment	$36,902,027	$4,125,047	$32,776,980	$202,552	996	32,574,428			
Commercial	$12,734,653	$1,646,765	$11,087,888	$118,202	170	10,969,686	11.09	121,607	X 11.37
Industrial	$5,864,708	$254,212	$5,610,496	$73,971	110	5,536,525	11.35	62,859	11.37
Agricultural	$1,063,747	$74,839	$988,908	$71,823	176	917,085	954,787 7.68	7,336	8.57
Vacant Agricultural	$59,052	$0	$59,052	$21,350	7	37,702			
Preservation	$424,629	$33,917	$390,712	$23,376	19	390,712	9.89	3,864	9.57
Hotel/Resort	$6,194,537	$155,145	$6,039,392	$188,802	358	5,850,590	10.18	59,530	X 11.37
Unimproved Residential	$1,449,953	$566,535	$883,418	$17,911	32	865,507	3.88	3,336	X 5.72
Public Service	$596,666	$592,938	$3,728	$9	1				
TOTAL	$166,203,659	$18,593,558	$147,610,101	$1,068,985	4,179	146,560,773		646,953	

NOTE: Gross valuations do not include nontaxable properties.
Source: Administration/Technical Branch
Real Property Assessment Division

↑ 2007 Rates

(581,801) 2006

+ 65,142 2007 INCREASE

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BASE YEAR FOR DETERMINING 2007 REVENUES & TAX RATES

same % increase for Each Class

TAX RATES ARE SET BY THE CITY COUNCIL ON JUNE 1, 2005

3/28/05

CITY and COUNTY of HONOLULU REAL PROPERTY TAX VALUATION for FISCAL YEAR 2005-2006

2005-2006

(In Thousands of Dollars)

increased Revenue for 2007 = 1.112 x 2006 Revenues

Land Use Class	Gross Valuation As of 01/31/2005	Total Exemptions	Net Valuation	50% Of Appeal Value	Number Of Appeals	Valuation For Tax Rate	Tax Rate Per $1,000 Value	Amounts Raised By Taxation	
Improved Residential	$78,968,241	$10,141,979	$68,826,262	$350,989	2,310	$68,475,273	$3.75	256,782	= 285,542
Apartment	$28,677,469	$3,803,724	$24,873,745	$202,552	996	$24,671,193	$3.75	92,517 349,299	102,879 388,421
Commercial	$11,195,646	$1,459,262	$9,736,384	$118,202	170	$9,618,182	$11.37	109,359	121,607
Industrial	$5,258,767	$212,361	$5,046,406	$73,971	110	$4,972,435	$11.37	56,537	62,859
Agricultural	$876,153	$68,355	$807,798	$71,823	176	$735,975	$8.57	6,307 6,597	= 7,336
Vacant Agricultural	$55,217	$0	$55,217	$21,350	7	$33,867 769,842	$8.57	290 6,597	
Preservation	$420,501	$33,997	$386,504	$23,376	19	$363,128	$9.57	3,475	3,864
Hotel/Resort	$5,051,457	$154,328	$4,897,129	$188,802	358	$4,708,327	$11.37	53,534	59,530
Unimproved Residential	$1,011,883	$469,464	$542,419	$17,911	32	$524,508	$5.72	3,000	3,336
Public Service	$514,540	$514,540	$0	$9	1	($9)	$0.00	0	
TOTAL	$132,029,874	$16,858,010	$115,171,864	$1,068,985	4,179	$114,102,879 114,102,888		2006 $581,801 65,000 646,801	646,953 2007

NOTE: Gross valuations do not include nontaxable properties.
Source: Administration/Technical Branch
Real Property Assessment Division
Department of Budget and Fiscal Services

2006 REVENUE = $581,801,000
2007 " INCREASE = $65,000,000
2007 REVENUE $646,801,000

2007 REVENUE BASED ON INCREASING 2006 REVENUE BY- 8% -1) CLASSES-IMPROVED RESIDENTIAL AND APARTMENT- "
-16% -2) ALL OTHER CLASSES

CITY and COUNTY of HONOLULU REAL PROPERTY TAX VALUATION for FISCAL YEAR 2006-2007 **2006-2007**

(In Thousands of Dollars)

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Land Use Class	Gross Valuation As of 12/05/2005	Total Exemptions	Net Valuation	50% Of Appeal Value	Number Of Appeals	Valuation For Tax Rate	Tax Rate Per $1,000 Value	Amounts Raised By Taxation
Improved Residential	$100,913,687	$11,144,160	$89,769,527	$350,989	2,310	89,418,538	3.09	377,243
					121,992,966			
Apartment	$36,902,027	$4,125,047	$32,776,980	$202,552	996	32,574,428		
Commercial	$12,734,653	$1,646,765	$11,087,888	$118,202	170	10,969,686	11.56	126,856
Industrial	$5,864,708	$254,212	$5,610,496	$73,971	110	5,536,525	11.85	65,583
Agricultural	$1,063,747	$74,839	$988,908	$71,823	176	917,085	954,787 8.34	7,652
Vacant Agricultural	$59,052	$0	$59,052	$21,350	7	37,702		
Preservation	$424,629	$33,917	$390,712	$23,376	19	390,712	10.32	4,031
Hotel/Resort	$6,194,537	$155,145	$6,039,392	$188,802	358	5,850,590	10.61	62,099
Unimproved Residential	$1,449,953	$566,535	$883,418	$17,911	32	865,507	4.02	3,480
Public Service	$596,666	$592,938	$3,728	$9	1			
TOTAL	$166,203,659	$18,593,558	$147,610,101	$1,068,985	4,179	146,560,778	— #	646,884 2007
								(581,801) 2006
							2007 RATES	$65,073 2007 INCREASE

NOTE: Gross valuations do not include nontaxable properties.
Source: Administration/Technical Branch
Real Property Assessment Division

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8 % Increase - IR + A
16 % " - OTHER CLASSES

TAX RATES ARE SET BY THE CITY COUNCIL ON JUNE 1, 2005 3/28/05

CITY and COUNTY of HONOLULU REAL PROPERTY TAX VALUATION for FISCAL YEAR 2005-2006

(In Thousands of Dollars)

2005-2006

Land Use Class	Gross Valuation As of 01/31/2005	Total Exemptions	Net Valuation	50% Of Appeal Value	Number Of Appeals	Valuation For Tax Rate	Tax Rate Per $1,000 Value	Amounts Raised By Taxation	2007 REVENUE
Improved Residential	$78,968,241	$10,141,979	$68,826,262	$350,989	2,310	$68,475,273	$3.75	256,782	377,243
								349,299	
Apartment	$28,677,469	$3,803,724	$24,873,745	$202,552	996	$24,671,193	$3.75	92,517	
Commercial	$11,195,646	$1,459,262	$9,736,384	$118,202	170	$9,618,182	$11.37	109,359	126,856
Industrial	$5,258,767	$212,361	$5,046,406	$73,971	110	$4,972,435	$11.37	56,537	65,583
Agricultural	$876,153	$68,355	$807,798	$71,823	176	$735,975	$8.57	6,307	7,652
Vacant Agricultural	$55,217	$0	$55,217	$21,350	7	$33,867	$8.57	290	
						769,842		6,597	
Preservation	$420,501	$33,997	$386,504	$23,376	19	$363,128	$9.57	3,475	4,031
Hotel/Resort	$5,051,457	$154,328	$4,897,129	$188,802	358	$4,708,327	$11.37	53,534	62,099
Unimproved Residential	$1,011,883	$469,464	$542,419	$17,911	32	$524,508	$5.72	3,000	3,480
Public Service	$514,540	$514,540	$0	$9	1	($9)	$0.00	0	
TOTAL	**$132,029,874**	**$16,858,010**	**$115,171,864**	**$1,068,985**	**4,179**	**$114,102,879**		**$581,801**	646,884
						114,102,888			
								2006	(581,801)
									+ 65,083

NOTE: Gross valuations do not include nontaxable properties.
Source: Administration/Technical Branch
Real Property Assessment Division
Department of Budget and Fiscal Services

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ASSUME $65,000,000 INCREASE FOR YEAR 2007 REVENUE

2007 TOTAL REVENUE = 581,801,000 + 65,000,000 = 646,801,000

ZERO INCREASE FOR IMPROVED RESIDENTIAL & APARTMENTS CLASSES

27.9568 % INCREASE FOR ALL OTHER CLASSES

CITY and COUNTY of HONOLULU REAL PROPERTY TAX VALUATION for FISCAL YEAR 2006-2007 **2006-2007**

(In Thousands of Dollars)

DRAFT **DRAFT**

Land Use Class	Gross Valuation As of 12/05/2005	Total Exemptions	Net Valuation	50% Of Appeal Value	Number Of Appeals	Valuation For Tax Rate	Tax Rate Per $1,000 Value	Amounts Raised By Taxation
Improved Residential	$100,913,687	$11,144,160	$89,769,527	$350,989	2,310	89,418,538	2.86	349,299
Apartment	$36,902,027	$4,125,047	$32,776,980	$202,552	996	121,992,966 / 32,574,428		
Commercial	$12,734,653	$1,646,765	$11,087,888	$118,202	170	10,969,686	12.76	139,932
Industrial	$5,864,708	$254,212	$5,610,496	$73,971	110	5,536,525	13.07	72,343
Agricultural	$1,063,747	$74,839	$988,908	$71,823	176	917,085	9.20	8,441
Vacant Agricultural	$59,052	$0	$59,052	$21,350	7	37,702		
Preservation	$424,629	$33,917	$390,712	$23,376	19	390,712	11.40	4,446
Hotel/Resort	$6,194,537	$155,145	$6,039,392	$188,802	358	5,850,590	11.71	68,500
Unimproved Residential	$1,449,953	$566,535	$883,418	$17,911	32	865,507	4.44	3,839
Public Service	$596,666	$592,938	$3,728	$9	1			
TOTAL	$166,203,659	$18,593,558	$147,610,101	$1,068,985	4,179	146,560,778	—	646,800 2007
							2007 Rates	(581,801) 2006
								65,000 2007 INCREASE

NOTE: Gross valuations do not include nontaxable properties.
Source: Administration/Technical Branch
Real Property Assessment Division

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Assume $65,000,000 Increase in Revenue for the Year 2007
Zero (0) Increase for Improved Residential & Apartments / = 27.95675% Increase For All Other Classes

TAX RATES ARE SET BY THE CITY COUNCIL ON JUNE 1, 2005

CITY and COUNTY of HONOLULU REAL PROPERTY TAX VALUATION for FISCAL YEAR 2005-2006

(In Thousands of Dollars)

2005-2006

Land Use Class	Gross Valuation As of 01/31/2005	Total Exemptions	Net Valuation	50% Of Appeal Value	Number Of Appeals	Valuation For Tax Rate	Tax Rate Per $1,000 Value	Amounts Raised By Taxation	
Improved Residential	$78,968,241	$10,141,979	$68,826,262	$350,989	2,310	$68,475,273	$3.75	256,782	
Apartment	$28,677,469	$3,803,724	$24,873,745	$202,552	996	$24,671,193	$3.75	92,517	349,299
								349,299	
Commercial	$11,195,646	$1,459,262	$9,736,384	$118,202	170	$9,618,182	$11.37	109,359	139,932
Industrial	$5,258,767	$212,361	$5,046,406	$73,971	110	$4,972,435	$11.37	56,537	72,343
							232 502		
Agricultural	$876,153	$68,355	$807,798	$71,823	176	$735,975	$8.57	6,307	
Vacant Agricultural	$55,217	$0	$55,217	$21,350	7	$33,867	$8.57	290	8,441
						769,842		6,597	
Preservation	$420,501	$33,997	$386,504	$23,376	19	$363,128	$9.57	3,475	4,446
Hotel/Resort	$5,051,457	$154,328	$4,897,129	$188,802	358	$4,708,327	$11.37	53,534	68,500
Unimproved Residential	$1,011,883	$469,464	$542,419	$17,911	32	$524,508	$5.72	3,000	3,839
Public Service	$514,540	$514,540	$0	$9	1	($9)	$0.00	0	
TOTAL	$132,029,874	$16,858,010	$115,171,864	$1,068,985	4,179	$114,102,879		$581,801	646,800
						114,102,888		65,000	
								646,800	2007

NOTE: Gross valuations do not include nontaxable properties.
Source: Administration/Technical Branch
Real Property Assessment Division
Department of Budget and Fiscal Services
City and County of Honolulu

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