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City Council City and County of Honolulu
Budget Committee

Testimony by
HGEA/AFSCME, Local 152, AFL-CIO
April 18, 2007

BILL 007, (2007) – RELATING TO REAL PROPERTY TAXATION

The Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO supports the general concept contained in Bill 007 (2007) of creating a separate property classification for homeowners that would favor residents who live in their homes. This type of proposal has been adopted by Maui, Hawaii and Kauai Counties. In all three counties, property within the homeowner classification is taxed at a lower rate than other classifications of property.

Homestead exemptions are a progressive approach to property tax relief because the largest reductions in taxes as a share of income usually go to lower and middle income taxpayers. Flat dollar discounts or exemptions are especially beneficial to this group of taxpayers because they represent a larger share of property taxes and income than for upper income homeowners. This measure also limits eligibility for the homeowner classification to those titleholders whose total income does not exceed $70,000. Therefore, Bill 007 is a carefully targeted approach to reducing property taxes and would not allow all income groups to qualify for the homeowner property classification.

While we support providing property tax relief for Oahu homeowners, we prefer targeting it to alleviate the tax burden for those who can least afford the recent increases in real property valuations. The City and County of Honolulu still needs an adequate revenue stream to deliver quality public services, repair an aging infrastructure and pay an increasing amount of debt service from the operating budget. It is worth noting that property tax increases and declines are cyclical. Targeted property tax relief avoids sharp reductions in locally provided public services when property values drop, which they inevitably will. Thank you for the opportunity to testify in support of Bill 007 (2007).

Respectfully submitted,

Kevin Mulligan
for Nora A. Nomura
Legislative Officer

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