



CITY OF
HONOLULU

EAST OAHU COUNTY FARM BUREAU

45-260 WAIKALUA ROAD • KANEONE, HAWAII 96744

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CITY COUNCIL
HONOLULU, HAWAII

May 4, 2007

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City and County of Honolulu
Council Member Barbara Marshall
Council District 3
530 S. King Street #202
Honolulu, Hawaii 96813

Dear Council Member Marshall:

We are sending this letter because our members have expressed concern about the recent change in agricultural property tax assessments. Farm dwellings are now assessed at market value as residences rather than as farm buildings, and are excluded from the land dedication provisions that allow farmers to reduce property taxes on agricultural lands. We feel that this revision is incorrect, since farm dwellings are often essential part of an agricultural operation: to provide security in this time of high theft risk, and also (especially in newer more intensive operations such as aquaculture) to ensure that essential equipment operates property 24 hours a day. For many farmers, the only cost effective way to accomplish these functions is to live on their farm.

Taxing farm dwellings as improved residential property is also unfair because many farmers in agricultural zones do not receive the same level of City services (sewers, water, and trash collection) as taxpayers in residential areas of Honolulu; some receive essentially no services, but their valuation are affected by the price of houses in nearby areas that do receive these services. The tax on a single dwelling can be much higher than the tax on the rest of the farm of many acres. For example, 87% of the 2006 property tax bill for one active 20 acre farm in Kahuku was due to its one dwelling which was taxed about six times as heavily in 2006 as in each of the previous three years.

We realize that the current law is intended, at least in part, to address "gentlemen farmers" –people who use agricultural land as home sites, but whose agricultural activity, if any, is incidental to their residential use. If the ability to dedicate farm dwellings as agricultural sites cannot be restored fully for this reason, we suggest a possible alternative: discount the assessment or permit partial dedication according to the proportion of the resident's income that is derived from agriculture. A farmer who derives 90% or more of his income from the farm could be assessed at a minimum rate (say, as a dedicated farm building), while someone who doesn't farm could be assessed at the full residential rate.

Misc. Com. No. 808



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Farming on Oahu is expensive to begin with, and any new expenses can be a real burden on farmers struggling to maintain their operations. As property prices rise, this burden will only grow greater. We therefore request that you act to relieve this burden by introducing legislation to change the way farm dwellings are assessed.

Sincerely,

A handwritten signature in black ink that reads "Grant Hamachi". The signature is written in a cursive style with a large, prominent "G" and "H".

Grant Hamachi
President
East County Hawaii Farm Bureau

cc:

Hawaii Farm Bureau