



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 07-60, CD1

RESOLUTION

ESTABLISHING A CITY POLICY THAT REAL PROPERTY TAX RATES SHALL BE SET TO ACHIEVE AN ESTABLISHED PERCENTAGE OF REVENUES COLLECTED FROM EACH CLASS OF REAL PROPERTY IN EACH FISCAL YEAR.

WHEREAS, the city council annually sets real property tax rates for each class of real property in conjunction with enactment of the annual operating and capital programs and budgets in order to derive sufficient revenues to balance the budget for the City and County of Honolulu; and

WHEREAS, the council believes that with the ability to set rates annually, the city should have a policy establishing a benchmark for the allocation of the city's real property tax revenue needs amongst the various classifications; and

WHEREAS, the council recognizes that real estate cycles will dictate varying moves in real property prices, and therefore assessed values, for the different classes of real property; and

WHEREAS, due to increases in residential real property sale prices, the assessed values for the improved residential and apartment classes of real property have increased dramatically during the period from FY 1999 through FY 2006, surpassing increases in the assessed value of other classes of real property such as hotel/resort, industrial and commercial property; and

WHEREAS, as a result, owners of improved residential and apartment classes are paying a larger share of the total revenues derived from the collection of real property taxes compared to owners of real property in other classes; and

WHEREAS, between FY 1998-99 and FY 2003-04, 49 to 52 percent of real property tax revenues was paid by owners of real property in the improved residential and apartment classes, whereas in fiscal year 2006-07, these owners paid 61 percent of real property tax revenues, and the proposed fiscal year 2007-08 budget had a 57/43 allocation (percentage of tax revenues from residential classes to percentage from hotel/resort, industrial, and commercial classes, excluding revenues from agricultural, vacant agricultural, preservation, and public services classes); and

WHEREAS, the council finds that setting a policy for the allocation of real property tax revenues amongst the classes is beneficial and would like to utilize a more equitable method of setting real property tax rates which would be based on an established percentage of revenues to be collected from each class; and



RESOLUTION

WHEREAS, setting forth this policy will allow the city, after determining the city's budget and needed real property tax revenues, to set real property tax rates based on an allocation of the city's revenue needs based on this policy; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the council hereby establishes a city policy that real property tax rates be set to achieve the goal of an established percentage of net revenues to be collected from the following classes of real property in each fiscal year:

Class	Percent of Tax Revenues
Residential (Improved Residential, Apartment, and Unimproved Residential)	55%
Non-residential (Hotel and Resort, Commercial, and Industrial)	45%
TOTAL	100%

and

BE IT FURTHER RESOLVED that net revenues shall be the total amount of real property tax revenue estimated to be collected based on property assessments for the given tax year and proposed tax rates, less any exemptions or credits, and less the revenues estimated from properties classified as agricultural, vacant agricultural, preservation and public service; and

BE IT FURTHER RESOLVED that the mayor is urged to follow this policy when preparing the executive operating budget and proposed real property tax rates for FY 2008 and thereafter, and shall transmit the proposed tax rates with a written calculation demonstrating compliance of the proposed rates with this policy; and

BE IT FURTHER RESOLVED that: (1) either the mayor or the council may propose changes to the percentages at any time, (2) the council may adopt changes to these percentages by resolution, and (3) the council shall reexamine and reassess these percentages at least every three years; and

BE IT FURTHER RESOLVED that it is recognized that there may be a need to phase in this policy over the next two budgets to avoid excessive rate adjustments in any one year; and



RESOLUTION

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the mayor, managing director, and director of budget and fiscal services.

INTRODUCED BY:

Todd Apo

DATE OF INTRODUCTION:

February 15, 2007
Honolulu, Hawaii

Councilmembers

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 07-60, CD1

Introduced: 02/15/07 By: TODD APO

Committee: BUDGET

Title: RESOLUTION ESTABLISHING A CITY POLICY THAT REAL PROPERTY TAX RATES SHALL BE SET TO ACHIEVE AN ESTABLISHED PERCENTAGE OF REVENUES COLLECTED FROM EACH CLASS OF REAL PROPERTY IN EACH FISCAL YEAR.

Links: [RES07-060](#)
[RES07-060, CD1](#)

BUDGET	2/28/07	RESOLUTION DEFERRED IN COMMITTEE.			
BUDGET	3/28/07	RESOLUTION DEFERRED IN COMMITTEE.			
BUDGET	4/18/07	RESOLUTION DEFERRED IN COMMITTEE.			
BUDGET	5/16/07	RESOLUTION DEFERRED IN COMMITTEE.			
SPECIAL BUDGET	5/23/07	CR-209 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION AS AMENDED IN CD1 FORM.			
COUNCIL	6/6/07	RESOLUTION, AS AMENDED (RESOLUTION 07-60, CD1) AND CR-209 ADOPTED.			
	APO Y	CACHOLA Y	DELA CRUZ Y	DJOU Y	GARCIA Y
	KOBAYASHI Y	MARSHALL Y	OKINO Y	TAM Y	

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.


DENISE C. DE COSTA, CITY CLERK


BARBARA MARSHALL, CHAIR AND PRESIDING OFFICER