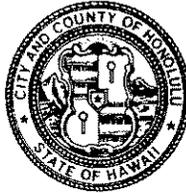


DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

Bill 85

MUFI HANNEMANN
MAYOR



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MARY PATRICIA WATERHOUSE
DIRECTOR

MARK K. OTO
DEPUTY DIRECTOR

CITY COUNCIL
HONOLULU, HAWAII

February 4, 2008

The Honorable Todd K. Apo, Chair
and Members of the Budget Committee
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Apo and Councilmembers:

We oppose Bill 85 (2007) that proposes a one-time \$300 real property tax credit for eligible single-family and duplex property owners who install a solar water heater.

Real property tax credits based on criteria not readily available in the City's tax records are burdensome and costly to administer and detract from the primary mission of the Division of Treasury which is to bill and collect real property tax revenue. Our concern is that the benefits of the program may not justify its cost. The federal and state governments already provide attractive tax incentives for renewable energy technologies. While, for the property owner, a \$300 additional tax credit would be nice to have, it would probably not be a motivating factor in their decision to install a solar water heater.

Further, the proposed tax credit favors single-family and duplex property owners to the detriment of condominium and non-residential owners. Any reduction in taxes for one group of owners generally results in higher taxes for the other groups.

Therefore, although we support initiatives that promote renewable energy technologies, we oppose Bill 85 (2007) because the benefits are limited to a select group of property owners and the high cost to administer the program.

Please call me at 768-3901 if you have any questions.

Sincerely,

Mary Pat Waterhouse, Director
Department of Budget and Fiscal Services

APPROVED:

Wayne M. Hashiro, P.E.
Managing Director

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HONOLULU, HAWAII